

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2003**

THERESA JOHNSON, TREASURER



**Auditor of State
Betty Montgomery**

Board of Education
Bucyrus City School District
630 Jump Street
Bucyrus, Ohio 44820

We have reviewed the Independent Auditor's Report of the Bucyrus City School District, Crawford County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2002 through June 30, 2003. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 21, 2004

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**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Auditor’s Report

Board of Education
Bucyrus City School District
630 Jump Street
Bucyrus, Ohio 44820

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Bucyrus City School District, Crawford County (the “District”) as of and for the fiscal year ended June 30, 2003, which collectively comprise the District’s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Bucyrus City School District’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Bucyrus City School District, Crawford County, Ohio, as of June 30, 2003, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments, GASB Statement No. 37, Basic Financial Statements for State and Local Governments: Omnibus, GASB Statement No. 38, Certain Financial Statement Note Disclosures GASB Interpretation No. 6 Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, and GASB Statement No. 41, Budgetary Comparison Schedule - Perspective Differences for the fiscal year ended June 30, 2003. In addition, the District had a change in accounting principle for its threshold for fixed assets as described in Note 8.

Independent Auditor's Report
Bucyrus City School District

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the District, taken as a whole. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Trimble, Julian & Grube, Inc.
December 11, 2003

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED

The discussion and analysis of the Bucyrus City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

- In total, net assets of governmental activities increased \$616,329 which represents an 11.43% increase from 2002.
- General revenues accounted for \$13,294,477 in revenue or 81.85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,947,189 or 18.15% of total revenues of \$16,241,666.
- The District had \$15,625,337 in expenses related to governmental activities; only \$2,947,189 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$13,294,477 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$13,934,963 in revenues and other financing sources and \$12,955,524 in expenditures and other financing uses. During fiscal year 2003, the general fund's fund balance increased \$1,010,028 from \$1,374,197 to \$2,384,225.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 19 and 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior years is not available. A comparative analysis will be provided in future years when prior year information is available.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
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The table below provides a summary of the District's net assets for 2003.

	Net Assets
	Governmental Activities <u>2003</u>
<u>Assets</u>	
Current and other assets	\$ 7,945,545
Capital assets	<u>4,108,362</u>
Total assets	<u>12,053,907</u>
<u>Liabilities</u>	
Current liabilities	5,100,155
Long-term liabilities	<u>945,007</u>
Total liabilities	<u>6,045,162</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	4,054,505
Restricted	448,429
Unrestricted	<u>1,505,811</u>
Total net assets	<u>\$ 6,008,745</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2003, the District's assets exceeded liabilities by \$6,008,745. Of this total, \$1,505,811 is unrestricted in use.

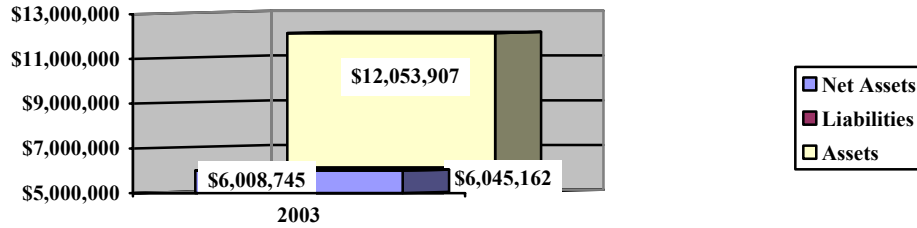
At year-end, capital assets represented 34.08% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2003, was \$4,054,505. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$448,429, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,505,811 may be used to meet the District's ongoing obligations to the students and creditors.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED

Governmental Activities



The table below shows the change in net assets for fiscal year 2003. Since this is the first year the District has prepared government-wide financial statements using the full accrual basis of accounting, revenue and expense comparisons to fiscal year 2002 are not available. A comparative analysis will be provided in future years when prior year information is available.

Change in Net Assets

	Governmental Activities 2003
<u>Revenues</u>	
Program revenues:	
Charges for services and sales	\$ 1,206,117
Operating grants and contributions	1,741,072
General revenues:	
Property taxes	5,769,190
Grants and entitlements	7,389,379
Investment earnings	53,700
Miscellaneous	82,208
Total revenues	<u>16,241,666</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED

Change in Net Assets

	Governmental Activities <u>2003</u>
<u>Expenses</u>	
Program expenses:	
Instruction:	
Regular	5,664,666
Special	1,662,850
Vocational	225,332
Other	664,554
Support services:	
Pupil	662,915
Instructional staff	921,202
Board of education	70,479
Administration	1,519,461
Fiscal	378,348
Business	257,890
Operations and maintenance	1,194,419
Pupil transportation	463,720
Central	191,172
Operations of non-instructional services	184,908
Extracurricular activities	561,707
Food service operations	991,409
Interest and fiscal charges	<u>10,305</u>
Total expenses	<u>15,625,337</u>
Increase in net assets	<u>\$ 616,329</u>

Governmental Activities

Net assets of the District's governmental activities increased by \$616,329. Total governmental expenses of \$15,625,337 were offset by program revenues of \$2,947,189 and general revenues of \$13,294,477. Program revenues supported 18.87% of the total governmental expenses.

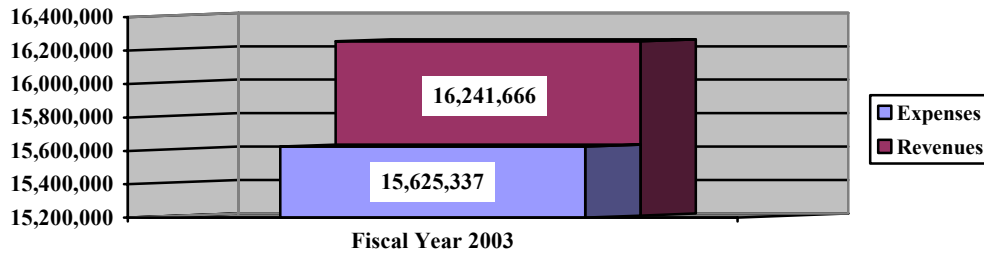
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 81.02% of total governmental revenue. Real estate property is reappraised every six years.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2003.

Governmental Activities - Revenues and Expenses



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements. Comparisons to 2002 have not been presented since they are not available.

Governmental Activities

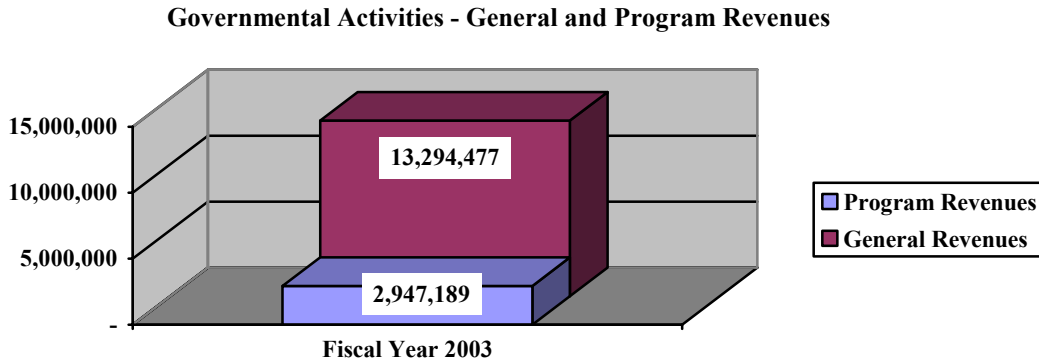
	Total Cost of Services 2003	Net Cost of Services 2003
Program expenses		
Instruction:		
Regular	\$ 5,664,666	\$ (4,840,471)
Special	1,662,850	(1,232,808)
Vocational	225,332	(185,628)
Other	664,554	(664,554)
Support services:		
Pupil	662,915	(525,259)
Instructional staff	921,202	(704,612)
Board of education	70,479	(70,479)
Administration	1,519,461	(1,444,239)
Fiscal	378,348	(378,348)
Business	257,890	(257,890)
Operations and maintenance	1,194,419	(1,114,162)
Pupil transportation	463,720	(460,791)
Central	191,172	(110,956)
Operations of non-instructional services	184,908	(97,621)
Extracurricular activities	561,707	(346,869)
Food service operations	991,409	(233,156)
Interest and fiscal charges	10,305	(10,305)
Total expenses	\$ 15,625,337	\$ (12,678,148)

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
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The dependence upon tax and other general revenues for governmental activities is apparent, 84.25% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.14%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2003.



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 14) reported a combined fund balance of \$2,508,471, which is higher than last year's total of \$1,608,140. The June 30, 2002 fund balances have been restated as described in Note 3.A to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2003 and 2002.

	<u>Fund Balance June 30, 2003</u>	<u>Fund Balance June 30, 2002</u>	<u>Increase/ (Decrease)</u>
General	\$ 2,384,225	\$ 1,374,197	\$ 1,010,028
Other Governmental	<u>124,246</u>	<u>233,943</u>	<u>(109,697)</u>
Total	<u>\$ 2,508,471</u>	<u>\$ 1,608,140</u>	<u>\$ 900,331</u>

General Fund

The District's general fund balance increased by \$1,010,028 (after a restatement to the June 30, 2002, fund balance which is detailed in Note 3.A. to the basic financial statement). The increase in fund balance can be attributed to increases in taxes and intergovernmental revenue and only small increases in expenditures. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED

	2003 <u>Amount</u>	Restated 2002 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 5,742,981	\$ 4,862,195	18.11%
Tuition	562,849	524,608	7.29%
Earnings on investments	47,357	66,096	(28.35)%
Intergovernmental	7,389,379	6,823,993	8.29%
Other revenues	<u>134,327</u>	<u>100,831</u>	33.22%
Total	<u>\$ 13,876,893</u>	<u>\$ 12,377,723</u>	12.11%
<u>Expenditures</u>			
Instruction	\$ 7,357,168	\$ 6,925,532	6.23%
Support services	4,942,839	4,823,858	2.47%
Operation of non-instructional services	83,455	85,948	(2.90)%
Extracurricular activities	300,351	347,777	(13.64)%
Capital outlay	57,445	-	100.00%
Debt service	<u>13,893</u>	<u>22,185</u>	(37.38)%
Total	<u>\$ 12,755,151</u>	<u>\$ 12,205,300</u>	4.51%

General Fund Budgeting Highlights

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

During the course of fiscal year 2003, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues were \$13,010,560, which approximates the original budgeted revenues estimate of \$12,230,529. Actual revenues for fiscal year 2003 was \$13,788,891. This represents a \$778,331 increase over final budgeted revenues. This increase is primarily due to conservative tax and intergovernmental estimates in the original and final budgeted amounts.

General fund original appropriations of \$12,697,606 were increased to \$12,564,243 in the final budget. The actual budget basis expenditures for fiscal year 2003 totaled \$12,995,447, which was \$431,204 greater than the final budget appropriations. The increases in appropriations were caused by the District's health insurance rates increasing at a pace greater than estimated and increased administrative costs associated with the collection of delinquent property taxes by the County Auditor. Fortunately, the District was able to add to its fund balance in spite of the above set backs primarily because salary costs proved to be lower than anticipated in the original and final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2003, the District had \$4,054,505 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles net of related debt for capital lease. This entire amount is reported in governmental activities. The following table shows fiscal 2003 balances compared to the restated balance of 2002:

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2003	2002
Land	\$ 94,258	\$ 94,258
Land improvements	411,338	463,045
Building and improvements	3,229,423	3,375,083
Furniture and equipment	189,976	171,711
Vehicles	183,367	222,091
Total	\$ 4,108,362	\$ 4,326,188

The only increase occurred in furniture and equipment, which includes new leased copiers for Kilbourne, Kearsley, Norton, Lincoln, Carlisle and the middle school. The District acquired no other capital acquisitions during fiscal year 2003. Total additions to capital assets for 2003 were \$57,445 and there were no disposals. The overall decrease in capital assets of \$217,826 is primarily due to the recording of \$275,271 in depreciation expense for fiscal 2003.

Debt Administration

At June 30, 2003, the District had no outstanding debt.

At June 30, 2003, the District's overall legal debt margin was \$13,568,715 with an unvoted debt margin of \$150,611. The District maintains an A-1 bond rating.

Current Financial Related Activities

The District faces many upcoming challenges. The district relies heavily on the state foundation, property tax receipts and grant entitlements. Since future grant and entitlement revenue is expected to decrease along with the tangible personnel property tax receipts the district has decided to place a permanent improvement issue on the March 2, 2004 ballot.

The largest challenges facing the District are to continue to provide the resources necessary to meet the student needs and to be able to stay within the five year forecast. State funding is strongly tied to your student enrollment and the districts enrollment is steadily declining. The District has been proactive in its financial challenges in the past and will continue to do so with further reductions.

The five year forecast is utilized by the management in order to manage the District's resources to their fullest. All of the District's financial abilities will be needed to meet the financial challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Theresa Johnson, Treasurer, Bucyrus City School District, 630 Jump Street, Bucyrus, Ohio 44820-1525.

**BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2003

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 2,572,363
Receivables:	
Taxes	5,156,318
Accounts	16,439
Accrued interest	8,695
Prepayments	59,470
Materials and supplies inventory.	132,260
Capital assets:	
Land	94,258
Depreciable capital assets, net	4,014,104
Total capital assets	4,108,362
 Total assets	 12,053,907
 Liabilities:	
Accounts payable.	53,161
Accrued wages and benefits	1,398,185
Pension obligation payable.	297,921
Intergovernmental payable	57,182
Deferred revenue.	3,293,706
Long-term liabilities:	
Due within one year.	187,693
Due in more than one year	757,314
 Total liabilities	 6,045,162
 Net Assets:	
Invested in capital assets, net of related debt.	4,054,505
Restricted for:	
Debt service.	13,740
Capital projects	692
Other purposes	433,997
Unrestricted.	1,505,811
 Total net assets	 \$ 6,008,745

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 5,664,666	\$ 611,050	\$ 213,145	\$ (4,840,471)
Special	1,662,850	1,968	428,074	(1,232,808)
Vocational	225,332	-	39,704	(185,628)
Other	664,554	-	-	(664,554)
Support services:				
Pupil	662,915	-	137,656	(525,259)
Instructional staff	921,202	19,816	196,774	(704,612)
Board of education.	70,479	-	-	(70,479)
Administration.	1,519,461	-	75,222	(1,444,239)
Fiscal	378,348	-	-	(378,348)
Business.	257,890	-	-	(257,890)
Operations and maintenance	1,194,419	27,739	52,518	(1,114,162)
Pupil transportation	463,720	-	2,929	(460,791)
Central	191,172	-	80,216	(110,956)
Operation of non-instructional services	184,908	-	87,287	(97,621)
Extracurricular activities	561,707	209,777	5,061	(346,869)
Food service operations	991,409	335,767	422,486	(233,156)
Interest and fiscal charges	10,305	-	-	(10,305)
Totals	\$ 15,625,337	\$ 1,206,117	\$ 1,741,072	(12,678,148)

General Revenues:

Property taxes levied for:	
General purposes	5,769,190
Grants and entitlements not restricted to specific programs	7,389,379
Investment earnings	53,700
Miscellaneous	82,208
Total general revenues	13,294,477
Change in net assets	616,329
Net assets at beginning of year.	5,392,416
Net assets at end of year	\$ 6,008,745

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 1,745,329	\$ 543,213	\$ 2,288,542
Receivables:			
Taxes	5,156,318	-	5,156,318
Accounts	6,497	9,942	16,439
Accrued interest	8,695	-	8,695
Interfund loans	225,963	-	225,963
Prepayments	58,001	1,469	59,470
Materials and supplies inventory.	126,180	6,080	132,260
Restricted assets:			
Equity in pooled cash and cash equivalents	283,821	-	283,821
Total assets.	<u>\$ 7,610,804</u>	<u>\$ 560,704</u>	<u>\$ 8,171,508</u>
Liabilities:			
Accounts payable	\$ 24,734	\$ 28,427	\$ 53,161
Accrued wages and benefits	1,239,988	158,197	1,398,185
Compensated absences payable	52,002	-	52,002
Pension obligation payable.	170,707	17,446	188,153
Intergovernmental payable	50,757	6,425	57,182
Interfund loan payable	-	225,963	225,963
Deferred revenue.	3,688,391	-	3,688,391
Total liabilities	<u>5,226,579</u>	<u>436,458</u>	<u>5,663,037</u>
Fund Balances:			
Reserved for encumbrances	204,875	222,284	427,159
Reserved for materials and supplies inventory.	126,180	6,080	132,260
Reserved for property tax unavailable for appropriation	1,476,622	-	1,476,622
Reserved for prepayments	58,001	1,469	59,470
Reserved for BWC refunds.	69,721	-	69,721
Reserved for school bus purchase.	47,088	-	47,088
Reserved for textbooks/instructional materials	167,012	-	167,012
Unreserved, undesignated (deficit), reported in:			
General fund	234,726	-	234,726
Special revenue funds.	-	(120,019)	(120,019)
Debt service fund	-	13,740	13,740
Capital projects funds.	-	692	692
Total fund balances	<u>2,384,225</u>	<u>124,246</u>	<u>2,508,471</u>
Total liabilities and fund balances	<u>\$ 7,610,804</u>	<u>\$ 560,704</u>	<u>\$ 8,171,508</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2003

Total governmental fund balances		\$	2,508,471
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,108,362
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	385,990	
Interest revenue		8,695	
Total			394,685
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		839,148	
Pension obligation payable		109,768	
Capital lease obligation		53,857	
Total			(1,002,773)
Net assets of governmental activities		\$	6,008,745

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 5,742,981	\$ -	\$ 5,742,981
Tuition.	562,849	-	562,849
Charges for services.	-	335,003	335,003
Earnings on investments.	47,357	877	48,234
Extracurricular.	-	180,653	180,653
Other local revenues	131,752	129,430	261,182
Other revenues.	2,575	-	2,575
Intergovernmental - State	7,337,363	338,959	7,676,322
Intergovernmental - Federal.	52,016	1,302,025	1,354,041
Total revenues.	<u>13,876,893</u>	<u>2,286,947</u>	<u>16,163,840</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,340,955	258,724	5,599,679
Special.	1,197,550	432,757	1,630,307
Vocational.	154,109	67,921	222,030
Other	664,554	-	664,554
Support Services:			
Pupil.	485,981	164,078	650,059
Instructional staff	692,368	224,287	916,655
Board of education	70,479	-	70,479
Administration.	1,425,719	84,668	1,510,387
Fiscal	373,958	-	373,958
Business	254,476	100	254,576
Operations and maintenance.	1,107,812	31,423	1,139,235
Pupil transportation	421,742	3,223	424,965
Central.	110,304	81,087	191,391
Food service operations	-	870,176	870,176
Operation of non-instructional services	83,455	99,037	182,492
Extracurricular activities.	300,351	236,545	536,896
Facilities acquisition and construction	-	215	215
Capital outlay	57,445	-	57,445
Debt service:			
Principal retirement	3,588	-	3,588
Interest and fiscal charges	10,305	-	10,305
Total expenditures	<u>12,755,151</u>	<u>2,554,241</u>	<u>15,309,392</u>
Excess of revenues under expenditures	<u>1,121,742</u>	<u>(267,294)</u>	<u>854,448</u>
Other financing sources (uses):			
Transfers in.	-	200,373	200,373
Transfers (out)	(200,373)	-	(200,373)
Proceeds from sale of capital assets.	625	-	625
Proceeds of capital lease transaction	57,445	-	57,445
Total other financing sources (uses)	<u>(142,303)</u>	<u>200,373</u>	<u>58,070</u>
Net change in fund balances	979,439	(66,921)	912,518
Fund balances at beginning of year (restated).	1,374,197	233,943	1,608,140
Increase (decrease) in reserve for inventory.	30,589	(42,776)	(12,187)
Fund balances at end of year.	<u>\$ 2,384,225</u>	<u>\$ 124,246</u>	<u>\$ 2,508,471</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Net change in fund balances - total governmental funds	\$	912,518
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, however, in 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 expense exceeded capital outlays in the current period.		(217,826)
Governmental funds report expenditures for inventory when purchased, however, in the statement of activities they are reported as an expense when consumed.		(12,187)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		20,449
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		3,588
Proceeds of capital lease transaction are recorded as revenue in the funds, however, on the statement of activities they are not reported as revenues as they increase liabilities on the statement of net assets.		(57,445)
Some expenses reported in the statement of activities, such as compensated absences and pension obligations do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(32,768)
Change in net assets of governmental activities	\$	616,329

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 5,062,215	\$ 5,385,070	\$ 5,707,221	\$ 322,151
Tuition	499,238	531,078	562,849	31,771
Earnings on investments	46,333	49,288	52,237	2,949
Other local revenues	71,322	75,870	80,409	4,539
Other revenues	2,284	2,430	2,575	145
Intergovernmental - State	6,508,126	6,923,197	7,337,363	414,166
Intergovernmental - Federal	41,011	43,627	46,237	2,610
Total revenues	<u>12,230,529</u>	<u>13,010,560</u>	<u>13,788,891</u>	<u>778,331</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,238,118	5,187,187	5,365,211	(178,024)
Special	1,192,635	1,181,039	1,221,572	(40,533)
Vocational	146,268	144,846	149,817	(4,971)
Other	648,812	642,503	664,554	(22,051)
Support Services:				
Pupil	518,405	513,364	530,983	(17,619)
Instructional staff	728,159	721,079	745,826	(24,747)
Board of education	81,622	80,828	83,602	(2,774)
Administration	1,365,686	1,352,407	1,398,822	(46,415)
Fiscal	361,601	358,086	370,375	(12,289)
Business	259,536	257,012	265,833	(8,821)
Operations and maintenance	1,173,421	1,162,012	1,201,892	(39,880)
Pupil transportation	486,047	481,321	497,840	(16,519)
Central	109,543	108,478	112,201	(3,723)
Operation of non-instructional services	81,478	80,686	83,455	(2,769)
Extracurricular activities	296,275	293,395	303,464	(10,069)
Total expenditures	<u>12,687,606</u>	<u>12,564,243</u>	<u>12,995,447</u>	<u>(431,204)</u>
Excess of revenues over (under) expenditures	<u>(457,077)</u>	<u>446,317</u>	<u>793,444</u>	<u>347,127</u>
Other financing sources (uses):				
Refund of prior year expenditures	30,000	47,907	50,773	2,866
Refund of prior year receipts	(5,249)	(2,857)	(2,955)	(98)
Transfers in	40,925	15,485	16,411	926
Transfers (out)	(356,725)	(586,161)	(570,316)	15,845
Advances in	122,019	115,131	122,019	6,888
Advances (out)	-	-	(35,963)	(35,963)
Proceeds from sale of capital assets	-	590	625	35
Total other financing sources (uses)	<u>(169,030)</u>	<u>(409,905)</u>	<u>(419,406)</u>	<u>(9,501)</u>
Net change in fund balance	(626,107)	36,412	374,038	337,626
Fund balance at beginning of year (restated)	1,045,793	1,045,793	1,045,793	-
Prior year encumbrances appropriated	379,185	379,185	379,185	-
Fund balance at end of year	<u>\$ 798,871</u>	<u>\$ 1,461,390</u>	<u>\$ 1,799,016</u>	<u>\$ 337,626</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2003

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 3,683	\$ 20,693
Total assets	3,683	20,693
Liabilities:		
Due to students	-	20,693
Total liabilities.	-	\$ 20,693
Net Assets:		
Held in trust for scholarships	3,683	
Total net assets.	\$ 3,683	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BUCYRUS LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 4,401
Total additions.	4,401
Deductions:	
Scholarships awarded	4,000
Change in net assets	401
Net assets at beginning of year.	3,282
Net assets at end of year	\$ 3,683

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Bucyrus City School District (the "District") is located in central Crawford County in north central Ohio, approximately 65 miles north of Columbus. The District operates under a locally-elected, five-member Board form of government, and provides educational services as mandated by state and/or federal statute and regulations.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District ranks as the 290th largest by enrollment among the 740 public and community school districts in the state. It currently operates 5 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 80 non-certified and 156 certified employees to provide services to approximately 1,936 students in grades K through 12, and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' government board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Pioneer Career and Technical Center (PCTC)

The District and other member districts may send students to PCTC on a non-tuition basis for vocational education programs, but none of the member districts retain an ongoing financial interest in PCTC.

JOINT VENTURE WITHOUT EQUITY INTEREST

North Central Ohio Computer Cooperative (NCOCC)

The NCOCC is a joint venture among 21 school districts and 3 county boards of education. The joint venture was formed for the purpose of applying modern technology (with the aid of computers and other electronic technology) to the administrative and instructional functions of member districts. Each of the governments of these schools supports NCOCC based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contribution. NCOCC is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in NCOCC, because a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information is available from Jerry Payne, Treasurer for the Pioneer Career and Technology Center (fiscal agent), at 27 Ryan Road, Shelby, Ohio 44875-0309.

PUBLIC ENTITY RISK POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The Plan'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 as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

GROUP PURCHASING COOPERATIVE

The District is a member of the Metropolitan Educational Council (MEC) purchasing group. The following items are purchased through this group discount program: custodial products, food service products, audio visual bulbs, and certain paper products. The MEC also provides a Self-Help Gas Program through which members save significant amounts on natural gas purchases.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental 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 for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (b) for the accumulation of resources for, and the repayment of, general long-term debt principal, interest and related costs; (c) for grants and other resources whose use is restricted to a particular purpose.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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 District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donation. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased tax rates). By no later than January 20, the Board-adopted budget is filed with Crawford County Budget Commission for rate determination. The Crawford County Budget Commission waived the tax budget filing requirement for the fiscal year 2003.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended Certificate issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the fund level must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal year 2003, investments were limited to overnight repurchase agreements, nonnegotiable certificates of deposits, and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

Under existing Ohio statutes all investment earning are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$47,357, which includes \$12,182 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method which means that the cost of inventory items are recorded as an expenditure in the governmental funds when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. During fiscal year 2003, the District increased its capitalization threshold from \$500 to \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 - 25 years
Building and improvements	6 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments have been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, property taxes unavailable for appropriation, prepayments, Bureau of Workers' Compensation (BWC) refunds, school bus purchases, and textbooks/instructional materials. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute.

M. Net Assets

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

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset on the fund financial statements.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Estimates

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set-aside for Bureau of Workers' Compensation (BWC) refunds and to create a reserve for textbooks/instructional materials. In addition, the District reports restricted assets for school bus purchases. See Note 18 for details.

Q. Interfund Activity

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 proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

R. Parochial Schools

Within the District boundaries, Holy Trinity is operated through the Toledo Catholic Diocese. Current state legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and expenditure of these state monies by the District is reflected in a special revenue fund for financial reporting purposes.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2003.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles and Restatement of Fund Balance

For fiscal year 2003, the District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedule - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At June 30, 2002, there was no effect on fund balance as a result of implementing GASB Statements 37, 38 and 41.

GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The basic financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38, modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparison for the general fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The government-wide financial statements show the District's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, caused by fund reclassifications and the conversion to the accrual basis of accounting.

Governmental Activities - Fund Reclassification and Restatement of Fund Balance - Certain funds have been reclassified to properly reflect their intended purpose in accordance with the Standards of GASB Statement No. 34. Certain funds previously reported as enterprise funds and expendable trust funds have been reclassified and are now part of the general fund and other nonmajor governmental funds. It was also determined that GASB Interpretation No. 6 had an effect on fund balance as previously reported at June 30, 2002.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The fund reclassification, the adjustments for interest and tax revenue and the implementation of GASB Interpretation No. 6 had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balance			
June 30, 2002	\$ 1,369,525	\$ 380,593	\$ 1,750,118
Fund reclassifications	(735)	(146,650)	(147,385)
Implementation of GASB			
Interpretation No. 6	5,407	-	5,407
Restated fund balance,			
June 30, 2002	\$ 1,374,197	\$ 233,943	\$ 1,608,140

The transition from governmental fund balance to net assets of the governmental activities is presented as follows:

	<u>Total</u>
Restated fund balance, June 30, 2002	\$ 1,608,140
GASB 34 adjustments:	
Long-term (deferred) assets	374,236
Capital assets	4,326,188
Long-term liabilities	(916,148)
Governmental activities	
net assets, June 30, 2002	\$ 5,392,416

B. Compliance

- The following funds had appropriations in excess of estimated resources for the fiscal year ended June 30, 2003, in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund/Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Special Revenue	Other Grants	\$ 58,306
Special Revenue	Title I	10,236
Special Revenue	Food Service	974,010

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

2. The following funds had expenditures in excess of appropriations for the fiscal year ended June 30, 2003, in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund/Type</u>	<u>Fund</u>	<u>Excess Amount</u>
General	General Fund	\$ 415,457
Special Revenue	Disadvantaged Pupil Impact Aid	20,089
Special Revenue	Data Communications	20,221
Special Revenue	Ohio Reads	6,371
Special Revenue	Extended Learning Opportunity	209
Special Revenue	Title VI-B	25,001
Special Revenue	Miscellaneous Federal Grants	9,949
Special Revenue	Preschool	10,029

C. Deficit Fund Balances

Fund balances at June 30, 2003 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food Service	\$ 208,965
Public School Preschool	2,706
Disadvantaged Pupil Impact Aid	6,353
EHA Preschool	60

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories.

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

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the finance institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of custodial credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reserve Repurchase Agreements".

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Deposits: At year-end, the carrying amount of the District's deposits was \$756,664 and the bank balance was \$1,050,755. These balances included \$940,742 in nonnegotiable certificates of deposit. Of the bank balance:

1. \$240,742 was covered by federal depository insurance; and
2. \$810,013 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments: The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at fiscal year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreements	\$ 1,324,448	\$ 1,324,448	\$ 1,324,448
Investment in STAR Ohio	-	515,627	515,627
Total investments	<u>\$ 1,324,448</u>	<u>\$ 1,840,075</u>	<u>\$ 1,840,075</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 2,596,739	\$ -
Investments of the cash management pool:		
Repurchase agreements	(1,324,448)	1,324,448
Investment in STAR Ohio	<u>(515,627)</u>	<u>515,627</u>
GASB Statement No. 3	<u>\$ 756,664</u>	<u>\$ 1,840,075</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2003 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other grants	\$ 963
General	Food service	<u>225,000</u>
Total interfund loans		<u>\$ 225,963</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2003 are reported on the Statement of Net Assets.

- B. Interfund transfers for the year ended June 30, 2003, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$ 200,373

All transfers made in fiscal year 2003 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is 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 reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$1,476,622 in the general fund.

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second Half Collections		2003 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 112,350,700	75.02	\$ 113,208,790	75.17
Public utility personal	6,900,560	4.61	6,888,980	4.57
Tangible personal property	<u>30,513,060</u>	<u>20.37</u>	<u>30,513,060</u>	<u>20.26</u>
 Total	 <u>\$ 149,764,320</u>	 <u>100.00</u>	 <u>\$ 150,610,830</u>	 <u>100.00</u>
 Tax rate per \$1,000 of assessed valuation	 \$ 50.30		 \$ 50.15	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2003 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and interfund loans. 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. A summary of the receivables reported on the Statement of Net Assets follows:

Governmental Activities

Taxes	\$ 5,156,318
Accounts	16,439
Interfund loans	225,963
Accrued interest	<u>8,695</u>
Total	<u>\$ 5,407,415</u>

Receivables have been disaggregated on the face of the basic financial statements.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 8 - CAPITAL ASSETS

- A. The capital asset balances of the governmental activities and have been restated due to an increase in threshold from \$500 to \$5,000 and errors and omissions reported in prior years:

	Balance <u>June 30, 2002</u>	<u>Adjustments</u>	Restated Balance <u>June 30, 2002</u>
Governmental Activities			
<i>Capital assets, not being depreciated:</i>			
Land	\$ -	\$ 94,258	\$ 94,258
Total capital assets, not being depreciated	<u>-</u>	<u>94,258</u>	<u>94,258</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	81,836	980,638	1,062,474
Building and improvements	7,252,649	8,540	7,261,189
Furniture and equipment	2,048,275	(1,606,378)	441,897
Vehicles	704,822	(10,500)	694,322
Textbooks	<u>1,207,852</u>	<u>(1,207,852)</u>	<u>-</u>
Total capital assets, being depreciated	<u>11,295,434</u>	<u>(1,835,552)</u>	<u>9,459,882</u>
<i>Less: accumulated depreciation:</i>	<u>-</u>	<u>(5,227,952)</u>	<u>(5,227,952)</u>
Governmental activities capital assets, net	<u>\$ 11,295,434</u>	<u>\$ (6,969,246)</u>	<u>\$ 4,326,188</u>

- B. Capital asset activity for the fiscal year-ended June 30, 2003, was as follows:

	Restated Balance <u>June 30, 2002</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2003</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 94,258	\$ -	\$ -	\$ 94,258
Total capital assets, not being depreciated	<u>94,258</u>	<u>-</u>	<u>-</u>	<u>94,258</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,062,474	-	-	1,062,474
Building and improvements	7,261,189	-	-	7,261,189
Furniture and equipment	441,897	57,445	-	499,342
Vehicles	<u>694,322</u>	<u>-</u>	<u>-</u>	<u>694,322</u>
Total capital assets, being depreciated	<u>9,459,882</u>	<u>57,445</u>	<u>-</u>	<u>9,517,327</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(599,429)	(51,707)	-	(651,136)
Building and improvements	(3,886,106)	(145,660)	-	(4,031,766)
Furniture and equipment	(270,186)	(39,180)	-	(309,366)
Vehicles	<u>(472,231)</u>	<u>(38,724)</u>	<u>-</u>	<u>(510,955)</u>
Total accumulated depreciation	<u>(5,227,952)</u>	<u>(275,271)</u>	<u>-</u>	<u>(5,503,223)</u>
Governmental activities capital assets, net	<u>\$ 4,326,188</u>	<u>\$ (217,826)</u>	<u>\$ -</u>	<u>\$ 4,108,362</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 92,611
Special	19,430
Vocational	2,072
<u>Support Services:</u>	
Pupil	5,348
Instructional Staff	9,618
Administration	21,391
Business	3,314
Operations and Maintenance	46,471
Pupil Transportation	35,109
Community Services	1,465
Extracurricular Activities	24,916
Food Service Operation	<u>13,526</u>
Total depreciation expense	<u>\$ 275,271</u>

NOTE 9 - NOTES PAYABLE

During fiscal year 2003, the District retired the balance of \$345,000 remaining on the tax-anticipation note liability. The tax anticipation note was issued in anticipation of revenues from voted tax levies, in accordance with O.R.C. 5705.194. Proceeds have been used for general operating expenses of the District. This note was a general obligation of the District, for which the District's full faith and credit were pledged for repayment.

The following is a description of the District's Tax Anticipation Note payable as of June 30, 2003:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Notes Original Amount</u>	<u>Notes Outstanding 06/30/02</u>	<u>Notes Retired in 2003</u>	<u>Notes Outstanding 06/30/03</u>
Tax anticipation note	4.35%	11/01/97	12/01/02	<u>\$ 1,575,000</u>	<u>\$ 345,000</u>	<u>\$ (345,000)</u>	<u>\$ -</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal year 2003, the District entered into a capitalized lease agreement for the acquisition of copier equipment.

This lease agreement meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of office equipment have been capitalized in the amount of \$57,445. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2003 totaled \$3,588 in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2003:

<u>Fiscal Year Ending June 30,</u>	<u>Copier</u>
2004	\$ 15,334
2005	15,334
2006	15,334
2007	15,334
2008	<u>8,945</u>
Total minimum lease payments	70,281
Less: amount representing interest	<u>(16,424)</u>
Total	<u>\$ 53,857</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 11 - LONG-TERM OBLIGATIONS

- A. The balance of the District's governmental activities long-term obligations at June 30, 2002 has been restated. The compensated absences liability increased \$8,829 from \$854,296 to \$863,125 due to the implementation of GASB Interpretation No. 6 and the fund reclassifications described in Note 3.A and an adjustment to the severance calculated in the prior year. In addition, pension obligations of \$89,294 at June 30, 2002 are not reported as a component of governmental activities long-term obligations as they are paid within one year of fiscal year-end. Pension obligations are reported separately on the statement of net assets. The effect on the total governmental activities long-term obligations at July 1, 2002 was a decrease of \$80,465 from \$943,590 to \$863,125. During the fiscal year 2003, the following changes occurred in governmental activities long-term obligations:

	(Restated) Balance Outstanding <u>06/30/02</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/03</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 863,125	\$ 84,085	\$ (56,060)	\$ 891,150	\$ 178,317
Capital lease obligation	<u>-</u>	<u>57,445</u>	<u>(3,588)</u>	<u>53,857</u>	<u>9,376</u>
Total governmental activities	<u>\$ 863,125</u>	<u>\$ 141,530</u>	<u>\$ (59,648)</u>	<u>\$ 945,007</u>	<u>\$ 187,693</u>

Compensated absences will be paid from the fund from which the employee's salaries are paid.

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2003 are a voted debt margin of \$13,568,715 (including available funds of \$13,740) and an unvoted debt margin of \$150,611.

NOTE 12 - 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.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, classified employees receive thirty percent of the total sick leave accumulation. Certified employees receive payment based on their balance, between fifty and sixty-five days for balances between 100 and 235 days; employees with less than 100 days receive thirty percent of their balance. An employee receiving such payment must meet the retirement provisions set by School Teachers Retirement System of Ohio (STRS) or School Employees Retirement System of Ohio (SERS).

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance in the amount of \$30,000 to full-time teachers.

C. Retirement Incentive

The District offers a one-time retirement bonus in the amount of \$10,000 to all certified employees who provide the District with their notice of retirement by March 1 and complete the balance of the school year. The retirement bonus is payable upon completion of service through the last work day of the school year. The District had no retirement incentive payable at June 30, 2003.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. During fiscal year 2003, the District has purchased property and casualty insurance from the Cincinnati Insurance Company; the policy's coverage maximum is \$42,653,968. General liability insurance, purchased from Hartford Insurance Company, carries a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. District-owned vehicle insurance is provided by Motorists Insurance Company, with a \$2,000,000 single occurrence limit.

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

B. Group Health and Dental Insurance

Health, life, dental and other group insurance is offered to employees as a fringe benefit. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions (currently, single and family coverage is 95% Board-paid and 5% employee-paid).

While all benefit plans are traditionally-funded through common carriers, the Board's group health plan contains provisions for discounted amounts to be remitted to the carrier during the year (90% of the carrier-established premium for fiscal year 2003), contingent upon the group's claims experience for the year. While the District has not retained risk for any claims, should the group's claim costs for the year exceed the threshold of the discounted amount remitted to the carrier during the year, the District must remit additional premium, to a maximum of the difference between the discounted premium and the full premium.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. As such, no funding provisions are required by the District.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 13 - RISK MANAGEMENT - (Continued)

C. OSBA Group Workers' Compensation Rating Program

For fiscal year 2003, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the SERS, a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 8.17% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$257,842, \$295,277, and \$276,876, respectively; 48% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$135,348, represents the unpaid contribution for fiscal year 2003.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

B. State Teachers Retirement System

The District contributes to the STRS, a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2003, 13% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 9.5% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$917,395, \$1,007,518, and \$902,040, respectively; 85% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$140,840, represents the unpaid contribution for fiscal year 2003.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2003, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$65,528 during fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182.947 million and the target level was \$274.4 million. At June 30, 2002, (the latest information available) SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$126,909 during the 2003 fiscal year.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 374,038
Net adjustment for revenue accruals	88,002
Net adjustment for expenditure accruals	10,162
Net adjustment for other sources/uses	277,103
Adjustment for encumbrances	230,134
GAAP basis	\$ 979,439

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District's management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

NOTE 18 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2002	\$ 213,098	\$ -	\$ 69,721
Current year set-aside requirement	247,293	247,293	-
Qualifying disbursements	<u>(293,379)</u>	<u>(320,115)</u>	<u>-</u>
Total	<u>\$ 167,012</u>	<u>\$ (72,822)</u>	<u>\$ 69,721</u>
Balance carried forward to FY 2004	<u>\$ 167,012</u>	<u>\$ -</u>	<u>\$ 69,721</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

NOTE 18 - STATUTORY RESERVES - (Continued)

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute. The District is still required by state law to maintain the textbook reserve and the capital acquisition reserve.

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the governmental fund restricted assets at June 30, 2003 follows:

Amount restricted for BWC refunds	\$ 69,721
Amount restricted for textbooks/ instructional materials	167,012
Amount restricted for school bus purchases	<u>47,088</u>
Total restricted assets	<u>\$ 283,821</u>

SUPPLEMENTAL DATA

**BUCYRUS CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A) (C) Food Distribution	10.550	N/A	\$ -	\$ 56,752	\$ -	\$ 56,752
(A) (D) School Breakfast Program	10.553	043687-05-PU-2002	11,795		11,795	
(A) (D) School Breakfast Program	10.553	043687-05-PU-2003	77,497		77,497	
(A) (D) National School Lunch	10.555	043687-LL-P4-2002	31,124		31,124	
(A) (D) National School Lunch	10.555	043687-LL-P1-2002	198,771		198,771	
(A) (C) Special Milk Program	10.556	043687-02-PU-2002	229		229	
(A) (C) Special Milk Program	10.556	043687-02-PU-2003	1,422		1,422	
(A) (C) Summer Food Service Program	10.559	043687-23-PU-2002	9,547		9,547	
(A) (C) Summer Food Service Program	10.559	043687-23-PU-2003	5,000		5,000	
(A) (C) Summer Food Service Program	10.559	043687-24-PU-2002	708		708	
(A) (C) Summer Food Service Program	10.559	043687-24-PU-2003	431		431	
Total U.S. Department of Agriculture and Nutrition Cluster			<u>336,524</u>	<u>56,752</u>	<u>336,524</u>	<u>56,752</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	043687-C1-S1-2002	20,400		125,515	
Title I - Grants to Local Educational Agencies	84.010	043687-C1-S1-2003	483,959		360,461	
Total Title I			<u>504,359</u>		<u>485,976</u>	
Special Education Cluster:						
(B) Title VI-B - Special Education: Grants to States	84.027	043687-6B-SF-2002-P	-		1,551	
(B) Title VI-B - Special Education: Grants to States	84.027	043687-6B-SF-2002-P	55,339		60,607	
(B) Title VI-B - Special Education: Grants to States	84.027	043687-6B-SF-2003-P	230,737		211,847	
Total Title VI-B			<u>286,076</u>		<u>274,005</u>	
(B) Special Education: Preschool	84.173	043687-PG-S1-2003-P	10,628		10,628	
Total Special Education Cluster			<u>296,704</u>		<u>284,633</u>	
Safe and Drug-Free Schools	84.186	043687-DR-S1-2002	3,406		5,534	
Safe and Drug-Free Schools	84.186	043687-DR-S1-2003	13,375		13,375	
Total Safe and Drug-Free Schools			<u>16,781</u>		<u>18,909</u>	
(G) Eisenhower Professional Development	84.281	043687-MS-S1-2000	(3,098)		3,101	
Eisenhower Professional Development	84.281	043687-MS-S1-2002	1,339		2,777	
Total Eisenhower Professional Development			<u>(1,759)</u>		<u>5,878</u>	
(G) Title VI - Innovative Educational Program Strategies	84.298	043687-C2-S1-2000	(1,759)		2,693	
Title VI - Innovative Educational Program Strategies	84.298	043687-C2-S1-2001	7,219		7,528	
Title VI - Innovative Educational Program Strategies	84.298	043687-C2-S1-2002	12,053		11,015	
Total Title VI			<u>17,513</u>		<u>21,236</u>	
Technology Literacy Challenge	84.318	043687-TJ-S1-2003	13,251		11,854	
Title VI-R - Class Size Reduction	84.340	043687-CR-S1-2002	34,166		24,093	
(H) School Renovation: Emergency Repair	84.352A	94	52,518		-	
School Renovation: Emergency Repair	84.352A	043687-AT-S2-2002	2,829		2,829	
School Renovation: Emergency Repair	84.352A	043687-AT-S3-2002	1,408		1,408	
School Renovation: Emergency Repair	84.352A	043687-AT-S4-2002	1,954		-	
Total School Renovation, IDEA and Technology			<u>58,709</u>		<u>4,237</u>	
Improving Teacher Quality	84.367	043687-TR-S1-2003	123,900		112,195	
Total U.S. Department of Education			<u>1,063,624</u>		<u>969,011</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:						
Temporary Assistance for Needy Families (TANF)	93.558	N/A	-		6,287	
(F) Community Alternative Funding System Program (CAFS)	93.778	N/A	46,237		46,237	
Total U.S. Department of Health and Human Services			<u>46,237</u>		<u>52,524</u>	
Total Federal Financial Assistance			<u>\$ 1,446,385</u>	<u>\$ 56,752</u>	<u>\$ 1,358,059</u>	<u>\$ 56,752</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
 (B) Included as part of "Special Education Grant Cluster" in determining major programs.
 (C) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
 (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
 (E) This schedule was prepared on the cash basis of accounting.
 (F) Passed through Mid-Ohio ESC
 (G) Monies refunded to the Ohio Department of Education due to the expiration of the period of availability.
 (H) This grant originates with the U.S. Department of Education and is passed through the Ohio Department of Education and then through the Ohio School Facilities Commission. The Ohio School Facilities Commission then passes it onto the District.

TRIMBLE, JULIAN & GRUBE, INC.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Accounting Standards*

Board of Education
Bucyrus City School District
630 Jump Street
Bucyrus, Ohio 44820

We have audited the financial statements of the governmental activities, its major fund, and the remaining aggregate fund information of the Bucyrus City School District as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated December 11, 2003. During the fiscal year ended June 30, 2003, the Bucyrus City School District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; GASB Statement No. 38, Certain Financial Statement Note Disclosures; GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, and GASB Statement No. 41, Budgetary Comparison Schedule - Perspective Differences. In addition, the District had a change in accounting principle for its threshold for fixed assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the governmental activities, its major fund, and the remaining aggregate fund information of the Bucyrus City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items: 2003-BCSD-001 and 2003-BCSD-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Bucyrus City School District in a separate letter dated December 11, 2003.

Board of Education
Bucyrus City School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bucyrus City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Bucyrus City School District in a separate letter dated December 11, 2003.

This report is intended for the information of the Board and management of the Bucyrus City School District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
December 11, 2003

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Report on Compliance With Requirements Applicable to Its Major Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
Bucyrus City School District
630 Jump Street
Bucyrus, Ohio 44820

Compliance

We have audited the compliance of the Bucyrus City School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2003. The Bucyrus City School District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; GASB Statement No. 38, Certain Financial Statement Note Disclosures; GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements and GASB Statement No. 41, Budgetary Comparison Schedule - Perspective Differences. In addition, the District had a change in accounting principle for its threshold for fixed assets. The Bucyrus City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Bucyrus City School District's management. Our responsibility is to express an opinion on the Bucyrus City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Bucyrus City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bucyrus City School District's compliance with those requirements.

Board of Education
Bucyrus City School District

In our opinion, Bucyrus City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2003.

Internal Control Over Compliance

The management of Bucyrus City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bucyrus City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Education of Bucyrus City School District, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
December 11, 2003

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
JUNE 30, 2003**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program:	Nutrition Grant Cluster: Food Distribution CFDA #10.550, School Breakfast Program #10.553, National School Lunch #10.555, Special Milk Program #10.556 and Summer Food Service Program #10.559
<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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
JUNE 30, 2003**

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

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

Finding Number	2003-BCSD-001
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Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources in the following funds:

<u>Fund/Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Special Revenue	Other Grants	\$ 58,306
Special Revenue	Title I	10,236
Special Revenue	Food Service	974,010

With appropriations exceeding estimated resources, the District may spend more funds than in the treasury or process of collection and cause fund deficits.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a regular basis.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
JUNE 30, 2003**

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

**2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2003-BCSD-002
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures exceeding appropriations in the following funds:

<u>Fund/Type</u>	<u>Fund</u>	<u>Excess Amount</u>
General	General Fund	\$ 415,457
Special Revenue	Disadvantaged Pupil Impact Aid	20,089
Special Revenue	Data Communications	20,221
Special Revenue	Ohio Reads	6,371
Special Revenue	Extended Learning Opportunity	209
Special Revenue	Title VI-B	25,001
Special Revenue	Miscellaneous Federal Grants	9,949
Special Revenue	Preschool	10,029

With expenditures exceeding appropriations, the District is expending monies that have not been appropriated. This could result in unnecessary purchases or fund deficits.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget throughout the fiscal year. This may be achieved by monitoring the budget more closely on a continual basis.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
JUNE 30, 2003**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-BCSD-001	Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.	No	The District Treasurer is attempting to certify to the County amended certificates on a more frequent basis.
2002-BCSD-002	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	No	The District Treasurer is attempting to provide the Board with amendments to the appropriations on a more frequent basis.



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BUCYRUS CITY SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 3, 2004**