

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY
Single Audit
For the Year Ended June 30, 2011**

Perry & Associates
Certified Public Accountants, A.C



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Bucyrus City School District, Crawford County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 8, 2012

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**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

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**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

December 23, 2011

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of **Bucyrus City School District**, Crawford County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bucyrus City School District, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The discussion and analysis of Bucyrus City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2011 are as follows:

In total, net assets decreased \$1,295,636, or 4 percent. Revenues remained very similar to the prior fiscal year and although there was a 7 percent decrease in expenses (in excess of \$1.5 million), expenses exceeded revenues resulting in cash carryover spending.

General revenues were 74 percent of total revenues and reflect the School District's substantial dependence on property taxes and unrestricted State entitlements.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Bucyrus City School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Bucyrus City School District, the General Fund is the most significant fund.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

These statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

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

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

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's only major fund is the General Fund.

Governmental Funds - Most of the School District's programs are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

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

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

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2011 and fiscal year 2010:

Table 1
Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2011	2010	2011	2010	2011	2010
<u>Assets</u>						
Current and Other Assets	\$15,711,075	\$17,102,884	\$9,719	\$9,824	\$15,720,794	\$17,112,708
Capital Assets, Net	36,724,945	37,196,068	0	0	36,724,945	37,196,068
Total Assets	<u>52,436,020</u>	<u>54,298,952</u>	<u>9,719</u>	<u>9,824</u>	<u>52,445,739</u>	<u>54,308,776</u>
<u>Liabilities</u>						
Current and Other Liabilities	5,652,956	5,969,159	10,072	141	5,663,028	5,969,300
Long-Term Liabilities	14,120,028	14,394,946	13,789	0	14,133,817	14,394,946
Total Liabilities	<u>19,772,984</u>	<u>20,364,105</u>	<u>23,861</u>	<u>141</u>	<u>19,796,845</u>	<u>20,364,246</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	24,619,778	24,859,369	0	0	24,619,778	24,859,369
Restricted	2,950,210	3,818,706	0	0	2,950,210	3,818,706
Unrestricted (Deficit)	5,093,048	5,256,772	(14,142)	9,683	5,078,906	5,266,455
Total Net Assets (Deficit)	<u>\$32,663,036</u>	<u>\$33,934,847</u>	<u>(\$14,142)</u>	<u>\$9,683</u>	<u>\$32,648,894</u>	<u>\$33,944,530</u>

While the overall change in net assets was not overly significant (decrease of 4 percent), there were a couple changes of note reflected in the above table. Current and other assets decreased over \$1.3 million due to two primary factors. The first, an increase in open enrollment costs from students choosing to attend other school districts (also reflected in the decrease in unrestricted net assets). The second, completion of the School District's new building construction and the payment of final amounts to contractors. This is also reflected in the decrease in current and other liabilities and in restricted net assets.

The decrease in net assets for the business-type activity is due to accrued wages at fiscal year end and the liability for compensated absences.

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 2 reflects the change in net assets for fiscal year 2011 and fiscal year 2010.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2011	2010	2011	2010	2011	2010
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$1,101,258	\$954,267	\$8,916	\$15,784	\$1,110,174	\$970,051
Operating Grants, Contributions, and Interest	3,880,851	3,957,371	0	0	3,880,851	3,957,371
Capital Grants and Contributions	0	24,523	0	0	0	24,523
Total Program Revenues	4,982,109	4,936,161	8,916	15,784	4,991,025	4,951,945
General Revenues						
Property Taxes Levied for General Purposes	3,936,290	4,007,576	0	0	3,936,290	4,007,576
Property Taxes Levied for Classroom Facilities Purposes	57,043	58,091	0	0	57,043	58,091
Property Taxes Levied for Debt Service Purposes	664,361	679,951	0	0	664,361	679,951
Property Taxes Levied for Permanent Improvements	57,043	58,091	0	0	57,043	58,091
Payment in Lieu of Taxes	46,689	47,475	0	0	46,689	47,475
Grants and Entitlements	8,944,069	8,918,449	0	0	8,944,069	8,918,449
Interest	46,861	77,048	0	0	46,861	77,048
Gifts and Donations	4,203	3,189	0	0	4,203	3,189
Miscellaneous	319,276	199,478	0	0	319,276	199,478
Total General Revenues	14,075,835	14,049,348	0	0	14,075,835	14,049,348
Total Revenues	19,057,944	18,985,509	8,916	15,784	19,066,860	19,001,293
<u>Expenses</u>						
Instruction:						
Regular	8,457,426	9,649,637	0	0	8,457,426	9,649,637
Special	2,214,288	2,246,138	0	0	2,214,288	2,246,138
Vocational	178,481	315,077	0	0	178,481	315,077
Support Services:						
Pupils	1,008,179	1,095,979	0	0	1,008,179	1,095,979
Instructional Staff	1,593,718	1,370,803	0	0	1,593,718	1,370,803
Board of Education	94,974	94,409	0	0	94,974	94,409
Administration	1,498,346	1,527,049	0	0	1,498,346	1,527,049
Fiscal	464,205	532,309	0	0	464,205	532,309
Business	250,728	307,776	0	0	250,728	307,776
Operation of Maintenance of Plant	1,759,208	1,533,562	0	0	1,759,208	1,533,562
Pupil Transportation	360,588	356,279	0	0	360,588	356,279
Central	226,325	263,410	0	0	226,325	263,410
Non-Instructional Services	1,144,080	1,506,297	0	0	1,144,080	1,506,297
Extracurricular Activities	523,237	485,669	0	0	523,237	485,669
Interest and Fiscal Charges	555,972	564,109	0	0	555,972	564,109
Early Childhood Development	0	0	32,741	12,582	32,741	12,582
Total Expenses	20,329,755	21,848,503	32,741	12,582	20,362,496	21,861,085
Increase (Decrease) in Net Assets	(1,271,811)	(2,862,994)	(23,825)	3,202	(1,295,636)	(2,859,792)
Net Assets at Beginning of Year	33,934,847	36,797,841	9,683	6,481	33,944,530	36,804,322
Net Assets (Deficit) at End of Year	\$32,663,036	\$33,934,847	(\$14,142)	\$9,683	\$32,648,894	\$33,944,530

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

While the distribution of source of revenue changed somewhat, the overall total for program revenues was similar to the prior fiscal year. General revenues were also quite similar to the prior fiscal year with the overall change in revenues a modest increase of less than 1 percent.

The decrease in expenses (almost 7 percent) was due, in large part, to the allocation of non-capitalized costs associated with the construction/renovation project that occurred in the prior fiscal year. As to be expected, the major program expense is for instruction which accounted for 53 percent of total expenses. However, other support programs play a significant role in delivering education such as pupils and instructional staff which accounted for another 13 percent of total expenses.

For the business-type activity, revenues decreased substantially due to fewer students as well as lower tuition from participants of the program as this charge is based on household income (affected by economic conditions and higher unemployment). Expenses for this program reflect an increase as the instructor for the program had been paid from other resources in prior fiscal years.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction:				
Regular	\$8,457,426	\$9,649,637	\$7,021,107	\$8,808,474
Special	2,214,288	2,246,138	124,009	(404,033)
Vocational	178,481	315,077	133,580	270,510
Support Services:				
Pupils	1,008,179	1,095,979	732,879	908,004
Instructional Staff	1,593,718	1,370,803	1,593,718	1,380,855
Board of Education	94,974	94,409	94,974	94,409
Administration	1,498,346	1,527,049	1,498,346	1,527,049
Fiscal	464,205	532,309	464,205	532,309
Business	250,728	307,776	250,728	307,776
Operation and Maintenance of Plant	1,759,208	1,533,562	1,759,208	1,533,562
Pupil Transportation	360,588	356,279	341,476	334,569
Central	226,325	263,410	221,325	258,410
Non-Instructional Services	1,144,080	1,506,297	139,268	417,972
Extracurricular Activities	523,237	485,669	416,851	390,949
Interest and Fiscal Charges	555,972	564,109	555,972	564,109
Total Expenses	<u>\$20,329,755</u>	<u>\$21,848,503</u>	<u>\$15,347,646</u>	<u>\$16,924,924</u>

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The support from general revenues to provide for the costs of programs was very similar in fiscal year 2011 as in fiscal year 2010 (75 percent in fiscal year 2011 and 77 percent in fiscal year 2010). As can be seen from the above table, only a very few of the School District's programs receive a significant amount of program revenues to offset their costs. Over 94 percent of the costs of the special instruction program were provided for through program revenues (primarily due to grant resources restricted for special instruction purposes). Over 88 percent of the non-instructional services program costs were provided for through program revenues. This is primarily due to cafeteria sales, state and federal subsidies and donated commodities for food services, and for State resources received by the School District on behalf of the parochial school located within the School District.

Governmental Funds Financial Analysis

The School District's governmental funds are accounted for using the modified accrual basis of accounting. For the General Fund, there was a decrease in fund balance of almost 7 percent. Revenues remained very similar to those of the prior fiscal year and expenditures reflect a 4 percent increase (which is not overly significant); however, given that expenditures were in excess of revenues, cash carryover spending occurred.

Business-Type Activity Financial Analysis

The School District's business-type activity is the Early Childhood Development program. For fiscal year 2011, this program had an operating loss and deficit net assets as of fiscal year end due to lower tuition revenue (fewer students and lower tuition charges) and higher program costs and the instructor had been paid from other resources in prior fiscal years.

General Fund Budgeting Highlights

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

During fiscal year 2011, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget as well as from the final budget to actual revenues were not significant. The same can be said for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$36,724,945 invested in capital assets (net of accumulated depreciation). Additions for the fiscal year were primarily related to completion of construction activities. Disposals were minimal. For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Debt

The School District's outstanding debt at June 30, 2011, consisted of general obligation bonds, in the amount of \$12,781,336. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

Current Issues

The Bucyrus City School District Board of Education has the responsibility of oversight of the financial condition of the School District. In these challenging economic conditions, this oversight continues to be a struggle. Revenues are continuing to decrease and expenses are continuing to increase; as we all know, this is a formula for disaster and these trends will need to be addressed and reversed.

The current State biennial budget provides for the basic foundation to be calculated through the Bridge model. The funding model is in place until another funding formula can be developed and implemented - projected to begin in July 2012. During this nationwide financial crisis, State legislators are working to safeguard the cash balance at the State level and formulate a model to fund the school districts of the State. To further exacerbate the funding issues, the financial crisis at the State level has been closely watched by all government entities and school districts across the State.

The voters in the State of Ohio have given the nod to a new governor during the November 2010 gubernatorial race. With this change in the State House, the new funding priorities mirror the goals of the new governor. The most recent updates from BASA, OSBA, and OASBO indicate that school districts across the State may be participating in a 15 to 20 percent decrease in State foundation funding. For Bucyrus City School District, a 16.5 percent decrease has been realized through the close of September 2011.

To compound this funding reduction, as of June 30, 2011, all of the State Fiscal Stabilization Funds and the American Recovery and Reinvestment Act funds have ended. For Bucyrus City School District, this equates to approximately \$800,000 in lost funding for the upcoming fiscal year 2012. With the loss of revenue from federal and local levels, the Board of Education will be looking to make sizeable cuts before the 2013 budget is adopted in the early spring of fiscal year 2012.

The School District heard from the voters as well during the February 2011 election. A \$1.575 million emergency levy was converted to a substitute levy and was passed by a narrow margin. This levy converts the emergency levy and will allow the School District to participate in any growth in the district.

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

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

Bucyrus City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Dawn Jacobs, Treasurer, Bucyrus City School District, 170 Plymouth Street, Bucyrus, Ohio 44820.

Bucyrus City School District
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activity	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$8,919,493	\$9,719	\$8,929,212
Cash and Cash Equivalents			
with Fiscal Agent	689,616	0	689,616
Accounts Receivable	11,173	0	11,173
Accrued Interest Receivable	1,716	0	1,716
Intergovernmental Receivable	582,215	0	582,215
Prepaid Items	38,824	0	38,824
Inventory Held for Resale	18,376	0	18,376
Materials and Supplies Inventory	5,667	0	5,667
Property Taxes Receivable	5,208,245	0	5,208,245
Payment in Lieu of Taxes Receivable	45,917	0	45,917
Unamortized Issuance Costs	189,833	0	189,833
Nondepreciable Capital Assets	424,160	0	424,160
Depreciable Capital Assets, Net	36,300,785	0	36,300,785
Total Assets	<u>52,436,020</u>	<u>9,719</u>	<u>52,445,739</u>
<u>Liabilities:</u>			
Accounts Payable	184,874	0	184,874
Accrued Wages and Benefits Payable	1,625,170	9,758	1,634,928
Matured Compensated Absences Payable	52,837	0	52,837
Intergovernmental Payable	450,119	314	450,433
Deferred Revenue	2,934,716	0	2,934,716
Accrued Interest Payable	47,121	0	47,121
Separation Benefits Payable	30,000	0	30,000
Claims Payable	328,119	0	328,119
Long-Term Liabilities:			0
Due Within One Year	447,159	0	447,159
Due in More Than One Year	13,672,869	13,789	13,686,658
Total Liabilities	<u>19,772,984</u>	<u>23,861</u>	<u>19,796,845</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	24,619,778	0	24,619,778
Restricted For:			
Debt Service	148,471	0	148,471
Capital Projects	1,987,790	0	1,987,790
Other Purposes	813,949	0	813,949
Unrestricted (Deficit)	5,093,048	(14,142)	5,078,906
Total Net Assets (Deficit)	<u>\$32,663,036</u>	<u>(\$14,142)</u>	<u>\$32,648,894</u>

See Accompanying Notes to Basic Financial Statements

Bucyrus City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$8,457,426	\$687,557	\$748,762
Special	2,214,288	20,682	2,069,597
Vocational	178,481	0	44,901
Support Services:			
Pupils	1,008,179	0	275,300
Instructional Staff	1,593,718	0	0
Board of Education	94,974	0	0
Administration	1,498,346	0	0
Fiscal	464,205	0	0
Business	250,728	0	0
Operation and Maintenance of Plant	1,759,208	0	0
Pupil Transportation	360,588	0	19,112
Central	226,325	0	5,000
Non-Instructional Services	1,144,080	314,919	689,893
Extracurricular Activities	523,237	78,100	28,286
Interest and Fiscal Charges	555,972	0	0
Total Governmental Activities	<u>20,329,755</u>	<u>1,101,258</u>	<u>3,880,851</u>
 <u>Business-Type Activity</u>			
Early Childhood Development	<u>32,741</u>	<u>8,916</u>	<u>0</u>
Total	<u>\$20,362,496</u>	<u>\$1,110,174</u>	<u>\$3,880,851</u>

General Revenues:

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

Change in Net Assets

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

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Assets

Governmental Activities	Business-Type Activity	Total
(\$7,021,107)	\$0	(\$7,021,107)
(124,009)	0	(124,009)
(133,580)	0	(133,580)
(732,879)	0	(732,879)
(1,593,718)	0	(1,593,718)
(94,974)	0	(94,974)
(1,498,346)	0	(1,498,346)
(464,205)	0	(464,205)
(250,728)	0	(250,728)
(1,759,208)	0	(1,759,208)
(341,476)	0	(341,476)
(221,325)	0	(221,325)
(139,268)	0	(139,268)
(416,851)	0	(416,851)
(555,972)	0	(555,972)
(15,347,646)	0	(15,347,646)
0	(23,825)	(23,825)
(15,347,646)	(23,825)	(15,371,471)
3,936,290	0	3,936,290
57,043	0	57,043
664,361	0	664,361
57,043	0	57,043
46,689	0	46,689
8,944,069	0	8,944,069
46,861	0	46,861
4,203	0	4,203
319,276	0	319,276
14,075,835	0	14,075,835
(1,271,811)	(23,825)	(1,295,636)
33,934,847	9,683	33,944,530
\$32,663,036	(\$14,142)	\$32,648,894

Bucyrus City School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$5,969,364	\$2,944,524	\$8,913,888
Cash and Cash Equivalents			
with Fiscal Agent	647,885	41,731	689,616
Accounts Receivable	11,173	0	11,173
Accrued Interest Receivable	1,716	0	1,716
Intergovernmental Receivable	7,666	574,549	582,215
Prepaid Items	38,824	0	38,824
Inventory Held for Resale	0	18,376	18,376
Materials and Supplies Inventory	0	5,667	5,667
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	5,605	0	5,605
Property Taxes Receivable	4,360,363	847,882	5,208,245
Payment in Lieu of Taxes Receivable	45,917	0	45,917
Total Assets	<u>\$11,088,513</u>	<u>\$4,432,729</u>	<u>\$15,521,242</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$31,135	\$153,739	\$184,874
Accrued Wages and Benefits Payable	1,388,638	236,532	1,625,170
Matured Compensated Absences Payable	52,837	0	52,837
Intergovernmental Payable	372,261	77,858	450,119
Deferred Revenue	2,797,881	897,007	3,694,888
Claims Payable	307,998	20,121	328,119
Total Liabilities	<u>4,950,750</u>	<u>1,385,257</u>	<u>6,336,007</u>
<u>Fund Balances:</u>			
Nonspendable	38,824	24,043	62,867
Restricted	5,605	3,045,761	3,051,366
Assigned	293,894	0	293,894
Unassigned (Deficit)	5,799,440	(22,332)	5,777,108
Total Fund Balances	<u>6,137,763</u>	<u>3,047,472</u>	<u>9,185,235</u>
Total Liabilities and Fund Balances	<u>\$11,088,513</u>	<u>\$4,432,729</u>	<u>\$15,521,242</u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 June 30, 2011

Total Governmental Fund Balances \$9,185,235

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 36,724,945

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	9,090	
Accrued Interest Receivable	1,530	
Intergovernmental Receivable	369,405	
Property Taxes Receivable	380,147	
		760,172

Unamortized issuance costs are deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 189,833

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(47,121)	
General Obligation Bonds Payable	(12,781,336)	
Compensated Absences Payable	(1,338,692)	
Separation Benefits Payable	(30,000)	
		(14,197,149)

Net Assets of Governmental Activities

(14,197,149)
\$32,663,036

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$3,908,859	\$773,132	\$4,681,991
Payment in Lieu of Taxes	46,689	0	46,689
Intergovernmental	9,330,159	3,433,418	12,763,577
Interest	35,018	12,653	47,671
Tuition and Fees	704,355	0	704,355
Extracurricular Activities	0	84,953	84,953
Charges for Services	0	314,919	314,919
Gifts and Donations	4,178	1,596	5,774
Miscellaneous	309,943	23,373	333,316
Total Revenues	<u>14,339,201</u>	<u>4,644,044</u>	<u>18,983,245</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	6,911,348	1,053,527	7,964,875
Special	1,618,310	535,320	2,153,630
Vocational	154,806	0	154,806
Support Services:			
Pupils	898,498	93,840	992,338
Instructional Staff	1,095,532	492,783	1,588,315
Board of Education	94,974	0	94,974
Administration	1,342,551	149,278	1,491,829
Fiscal	433,455	25,740	459,195
Business	247,254	2,838	250,092
Operation and Maintenance of Plant	1,063,710	474,711	1,538,421
Pupil Transportation	325,774	3,341	329,115
Central	161,827	63,804	225,631
Non-Instructional Services	1,323	1,048,669	1,049,992
Extracurricular Activities	387,331	98,413	485,744
Capital Outlay	47,213	459,712	506,925
Debt Service:			
Principal Retirement	0	240,000	240,000
Interest and Fiscal Charges	0	569,950	569,950
Total Expenditures	<u>14,783,906</u>	<u>5,311,926</u>	<u>20,095,832</u>
Excess of Revenues			
Under Expenditures	(444,705)	(667,882)	(1,112,587)
<u>Other Financing Sources:</u>			
Sale of Capital Assets	1,000	0	1,000
Changes in Fund Balances	(443,705)	(667,882)	(1,111,587)
Fund Balances at Beginning of Year - Restated (Note 3)	6,581,468	3,715,354	10,296,822
Fund Balances at End of Year	<u>\$6,137,763</u>	<u>\$3,047,472</u>	<u>\$9,185,235</u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2011

Changes in Fund Balances - Total Governmental Funds (\$1,111,587)

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

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current fiscal year:

Capital Outlay - Nondepreciable Capital Assets	296,742	
Capital Outlay - Depreciable Capital Assets	38,683	
Depreciation	<u>(806,548)</u>	(471,123)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain on disposal of capital assets on the statement of activities

Proceeds from Sale of Capital Assets	(1,000)	
Gain on Disposal of Capital Assets	<u>1,000</u>	0

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

Property Taxes	32,746	
Intergovernmental	37,867	
Interest	(798)	
Tuition and Fees	<u>3,884</u>	73,699

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 240,000

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

Accrued Interest Payable	750	
Amortization of Premium	<u>21,696</u>	22,446

(continued)

Bucyrus City School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2011
 (continued)

Issuance costs are reported as an expenditure when paid in the governmental funds but are amortized over the life of the debt on the statement of activities. (\$8,468)

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

Compensated Absences Payable	13,222	
Separation Benefits Payable	<u>(30,000)</u>	<u>(16,778)</u>

Change in Net Assets of Governmental Activities (\$1,271,811)

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$3,967,295	\$3,924,579	\$3,895,792	(\$28,787)
Payment in Lieu of Taxes	45,000	46,689	46,689	0
Intergovernmental	9,191,664	9,566,577	9,327,534	(239,043)
Interest	20,000	20,639	26,831	6,192
Tuition and Fees	534,690	637,971	704,653	66,682
Gifts and Donations	1,700	1,750	4,178	2,428
Miscellaneous	239,126	286,708	296,486	9,778
Total Revenues	<u>13,999,475</u>	<u>14,484,913</u>	<u>14,302,163</u>	<u>(182,750)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,864,239	7,164,191	7,096,246	67,945
Special	1,582,225	1,654,974	1,644,180	10,794
Vocational	176,717	196,010	194,152	1,858
Support Services:				
Pupils	915,901	912,160	919,367	(7,207)
Instructional Staff	1,088,601	1,209,122	1,213,399	(4,277)
Board of Education	90,238	122,500	111,489	11,011
Administration	1,591,821	1,482,807	1,393,261	89,546
Fiscal	469,642	479,083	442,895	36,188
Business	311,630	351,178	313,543	37,635
Operation and Maintenance of Plant	924,313	1,241,923	1,236,437	5,486
Pupil Transportation	368,075	368,791	353,801	14,990
Central	169,837	173,657	167,295	6,362
Non-Instructional Services	1,160	1,550	1,323	227
Extracurricular Activities	357,126	370,232	382,364	(12,132)
Capital Outlay	11,000	61,300	50,210	11,090
Total Expenditures	<u>14,922,525</u>	<u>15,789,478</u>	<u>15,519,962</u>	<u>269,516</u>
Excess of Revenues Under Expenditures	<u>(923,050)</u>	<u>(1,304,565)</u>	<u>(1,217,799)</u>	<u>86,766</u>
<u>Other Financing Sources (Uses):</u>				
Sale of Capital Assets	0	0	1,000	1,000
Refund of Prior Year Expenditures	15,000	35,401	29,814	(5,587)
Refund of Prior Year Receipts	0	0	(1,046)	(1,046)
Other Financing Uses	(300,000)	0	0	0
Total Other Financing Sources (Uses)	<u>(285,000)</u>	<u>35,401</u>	<u>29,768</u>	<u>(5,633)</u>
Changes in Fund Balance	(1,208,050)	(1,269,164)	(1,188,031)	81,133
Fund Balance at Beginning of Year	6,524,646	6,524,646	6,524,646	0
Prior Year Encumbrances Appropriated	353,571	353,571	353,571	0
Fund Balance at End of Year	<u><u>\$5,670,167</u></u>	<u><u>\$5,609,053</u></u>	<u><u>\$5,690,186</u></u>	<u><u>\$81,133</u></u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Fund Net Assets
Enterprise Fund
June 30, 2011

	<u>Early Childhood Development</u>
<u>Current Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$9,719</u>
<u>Current Liabilities:</u>	
Accrued Wages and Benefits Payable	9,758
Intergovernmental Payable	<u>314</u>
Total Current Liabilities	10,072
<u>Non-Current Liabilities:</u>	
Compensated Absences Payable	<u>13,789</u>
Total Liabilities	<u>23,861</u>
<u>Net Assets:</u>	
Unrestricted (Deficit)	<u><u>(\$14,142)</u></u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Revenues, Expenses, and Change in Fund Net Assets
Enterprise Fund
For the Fiscal Year Ended June 30, 2011

	Early Childhood Development
<u>Operating Revenues:</u>	
Tuition and Fees	\$8,916
<u>Operating Expenses:</u>	
Salaries	30,194
Fringe Benefits	742
Purchased Services	75
Materials and Supplies	1,730
Total Operating Expenses	32,741
Operating Loss	(23,825)
Net Assets at Beginning of Year - Restated (Note 3)	9,683
Net Assets (Deficit) at End of Year	(\$14,142)

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2011

Early Childhood
Development

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Tuition	\$8,916
Cash Payments for Salaries	(6,593)
Cash Payments for Fringe Benefits	(623)
Cash Payments for Goods and Services	<u>(1,805)</u>
Net Cash Used for Operating Activities	(105)

Cash and Cash Equivalents at Beginning of Year	<u>9,824</u>
Cash and Cash Equivalents at End of Year	<u><u>\$9,719</u></u>

Reconciliation of Operating Loss to Net

Cash Used for Operating Activities:

Operating Loss	(\$23,825)
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Adjustments to Reconcile Operating Loss
to Net Cash Used for Operating Activities:

Increase in Accrued Wages Payable	9,758
Decrease in Accounts Payable	(87)
Increase in Due to Other Governments	260
Increase in Compensated Absences Payable	<u>13,789</u>
Net Cash Used for Operating Activities	<u><u>(\$105)</u></u>

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$4,108	\$35,690
<u>Liabilities:</u>		
Due to Students	0	\$35,690
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$4,108	

See Accompanying Notes to the Basic Financial Statements

Bucyrus City School District
Statement of Change in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2011

Additions:

Gifts and Donations	\$2,040
Miscellaneous	339
Total Additions	<u>2,379</u>

Deductions:

Non-Instructional Services	<u>3,075</u>
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Change in Net Assets (696)

Net Assets at Beginning of Year	<u>4,804</u>
Net Assets at End of Year	<u><u>\$4,108</u></u>

See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1850. The School District serves an area of approximately six square miles. It is located in Crawford County. The School District is the 333rd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by seventy classified employees, one hundred fifteen certified teaching personnel, and ten administrative employees who provide services to 1,579 students and other community members. The School District currently operates one elementary school, one high school/middle school, one athletic/community building, and one central office.

Reporting Entity

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

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

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

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

The School District participates in three jointly governed organizations and two insurance pools. These organizations are the Tri-Rivers Educational Computer Association (TRECA), Pioneer Career and Technology Center, Metropolitan Educational Council, the Ohio School Boards Association Workers’ Compensation Group Rating Plan, and the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial reporting is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Note 2 - Summary of Significant Accounting Policies (continued)

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School District's only major fund is the General Fund.

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Proprietary Fund

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

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

Fiduciary Funds

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

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Note 2 - Summary of Significant Accounting Policies (continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the statement of fund activity, certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The statement of fund activity demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control is at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

F. Cash and Investments

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

Cash and cash equivalents held for the School District by the Ohio Mid-Eastern Regional Educational Service Agency are reflected as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2011, the School District invested in nonnegotiable and negotiable certificates of deposit, federal agency securities, mutual funds, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2011 was \$35,018, which includes \$4,673 assigned from other School District funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Note 2 - Summary of Significant Accounting Policies (continued)

H. Inventory

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund unexpended revenues restricted for bus purchases.

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

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

M. Issuance Costs and Bond Premiums

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

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, athletic and music programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 2 - Summary of Significant Accounting Policies (continued)

O. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

P. Operating Revenues and Expenses

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

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 - Summary of Significant Accounting Policies (continued)

Q. Estimates

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

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

A. Change in Accounting Principles

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

B. Restatement of Fund Balance/Net Assets

The restatement due to the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	General	Other Governmental	Total Governmental Funds
Fund Balance at June 30, 2010	\$6,510,734	\$3,795,771	\$10,306,505
Change in Fund Structure	70,734	(80,417)	(9,683)
Adjusted Fund Balance at June 30, 2010	\$6,581,468	\$3,715,354	\$10,296,822

The restatement for the implementation of GASB Statement No. 54 as well as a correction to the receivable for payment in lieu of taxes had the following effect on net assets.

	Total Governmental Activities	Total Business-Type Activity
Net Assets at June 30, 2010	\$33,991,219	\$0
Change in Fund Structure	(9,683)	9,683
Payment in Lieu of Taxes Receivable	(46,689)	0
Restated Net Assets at June 30, 2010	\$33,934,847	\$9,683

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 4 - Accountability and Compliance

A. Accountability

At June 30, 2011, the Title I and Title II-A special revenue funds had deficit fund balances, in the amount of \$1,652 and \$8,991, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The following funds had expenditures (including encumbrances) in excess of appropriations for the fiscal year ended June 30, 2011:

	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Special Revenue Funds			
Food Service	\$956,485	\$977,069	\$20,584
Miscellaneous Local Grants	7,850	7,945	95
Fiscal Stabilization	666,228	670,908	4,680
Title II-D	181,901	185,865	3,964
Miscellaneous Federal Grants	418,424	448,380	29,956
Bond Retirement	830,150	830,860	710

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

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 5 - Budgetary Basis of Accounting (continued)

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

Changes in Fund Balance	
GAAP Basis	(\$443,705)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2010, Received in Cash FY 2011	1,630,066
Accrued FY 2011, Not Yet Received in Cash	(1,628,954)
Expenditure Accruals:	
Accrued FY 2010, Paid in Cash FY 2011	(1,926,815)
Accrued FY 2011, Not Yet Paid in Cash	2,152,869
Cash Adjustments:	
Unrecorded Activity FY 2011	(647,364)
Prepaid Items	(38,824)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(285,304)
Budget Basis	(\$1,188,031)

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 6 - Deposits and Investments (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptance if training requirements have been met.

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

Investments

As of June 30, 2011, the School District had the following investments:

	<u>Total</u>	<u>Less Than Six Months</u>	<u>Six Months to One Year</u>	<u>One Year to Two Years</u>
Negotiable Certificates of Deposit	\$951,529	\$300,450	\$451,585	\$199,494
Federal National Mortgage Association Notes	200,078	0	0	200,078
Mutual Funds	3,778,381	3,778,381	0	0
STAR Ohio	262,937	262,937	0	0
Total	<u>\$5,192,925</u>	<u>\$4,341,768</u>	<u>\$451,585</u>	<u>\$399,572</u>

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

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 6 - Deposits and Investments (continued)

The negotiable certificates of deposit are insured by the FDIC. The Federal National Mortgage Association Notes and the mutual funds carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

The School District places no limit on the amount of its interim monies it may invest in a particular security. At June 30, 2011, the School District had 18.32 percent of its interim monies invested in negotiable certificates of deposit and 3.85 percent invested in Federal National Mortgage Association Notes.

Note 7 - Receivables

Receivables at June 30, 2011, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, property taxes, and payment in lieu of taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Wynford Local School District	\$2,245
Colonel Crawford Local School District	2,013
Pioneer Career and Technical Center	783
Medicaid	2,625
Total General Fund	7,666
Other Governmental Funds	
Food Service	14,075
Early Childhood Education	8,076
Education Jobs	323,742
Special Education Idea-B	78,229
Title I	73,107
Early Childhood Special Education	5,305
Title II-A	18,223
Miscellaneous Federal Grants	53,792
Total Other Governmental Funds	574,549
Total Intergovernmental Receivables	\$582,215

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Crawford County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2011, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$1,619,019 in the General Fund, \$23,453 in the Classroom Facilities special revenue fund, \$273,374 in the Bond Retirement debt service fund, and \$23,453 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2010, was \$1,605,952 in the General Fund, \$23,300 in the Classroom Facilities special revenue fund, \$273,374 in the Bond Retirement debt service fund, and \$23,300 in the Permanent Improvement capital projects fund.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 8 - Property Taxes (continued)

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

The assessed values upon which fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$134,795,590	95.55%	\$134,148,460	95.47%
Public Utility	6,274,420	4.45	6,372,260	4.53
Total Assessed Value	<u>\$141,070,010</u>	<u>100.00%</u>	<u>\$140,520,720</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$56.19		\$56.33	

Note 9 - Payment in Lieu of Taxes

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

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$424,160	\$0	\$0	\$424,160
Construction in Progress	409,803	296,742	(706,545)	0
Total Nondepreciable Capital Assets	<u>833,963</u>	<u>296,742</u>	<u>(706,545)</u>	<u>424,160</u>
Depreciable Capital Assets				
Land Improvements	860,409	13,451	0	873,860
Buildings and Building Improvements	38,621,231	693,094	0	39,314,325
Furniture, Fixtures, and Equipment	566,606	38,683	0	605,289
Vehicles	916,090	0	(24,465)	891,625
Total Depreciable Capital Assets	<u>40,964,336</u>	<u>745,228</u>	<u>(24,465)</u>	<u>41,685,099</u>

(continued)

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 10 - Capital Assets (continued)

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11
Governmental Activities (continued)				
Less Accumulated Depreciation				
Land Improvements	(\$774,440)	(\$11,585)	\$0	(\$786,025)
Buildings and Building Improvements	(3,075,321)	(716,578)	0	(3,791,899)
Furniture, Fixtures, and Equipment	(168,487)	(45,372)	0	(213,859)
Vehicles	(583,983)	(33,013)	24,465	(592,531)
Total Accumulated Depreciation	(4,602,231)	(806,548)	24,465	(5,384,314)
Depreciable Capital Assets, Net	36,362,105	(61,320)	0	36,300,785
Governmental Activities Capital Assets, Net	\$37,196,068	\$235,422	(\$706,545)	\$36,724,945

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$491,013
Special	65,022
Vocational	23,364
Support Services:	
Pupils	12,999
Instructional Staff	3,219
Administration	23,469
Fiscal	395
Operation and Maintenance of Plant	21,663
Pupil Transportation	27,418
Non-Instructional Services	93,693
Extracurricular Activities	44,293
Total Depreciation Expense	<u>\$806,548</u>

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 11 - Risk Management (continued)

During fiscal year 2011, the School District contracted for the following insurance coverage.

Coverage provided by The Netherlands Insurance Company:

Buildings and Contents - replacement cost	\$52,479,000
Auto Liability	1,000,000
General Liability	
Each Occurrence	1,000,000
Aggregate	2,000,000

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

For fiscal year 2011, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

The School District offers medical and drug insurance to all employees through a self-insured program through the General Fund. The School District's third party administrator is OME-RESA Health Benefits. The School District purchased stop loss insurance for claims in excess of \$500,000 per individual and \$1,000,000 total aggregate annually. The School District's self-insured deductible is \$35,000. Amounts between \$35,000 and \$500,000 are paid from a shared risk pool. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2011, was estimated by the third party administrator at \$328,119.

The change in the claims liability for the fiscal year ended June 30, 2011 is as follows:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2011	\$0	\$1,901,464	\$1,573,345	\$328,119

Note 12 - Defined Benefit Pension Plans

A. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$889,006 and \$29,783 for the fiscal year ended June 30, 2011, \$865,305 and \$24,176 for the fiscal year ended June 30, 2010, and \$895,860 for the fiscal year ended June 30, 2009. For fiscal year 2011, 84 percent has been contributed for both the DBP and the CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The contribution to STRS Ohio for the DCP for fiscal year 2011 was \$11,500 made by the School District and \$8,214 made by the plan members. In addition, member contributions of \$21,273 were made for fiscal year 2011 for the defined contribution portion of the CP.

Note 12 - Defined Benefit Pension Plans (continued)

B. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$237,800, \$227,857, and \$176,251, respectively. For fiscal year 2011, 41 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2010, one of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

A. State Teachers Retirement System

Plan Description - The School District participates in a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Note 13 - Postemployment Benefits (continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$71,561, \$69,243, and \$69,300, respectively. For fiscal year 2011, 84 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011, this amount was \$35,800. For fiscal year 2011, the School District paid \$29,957 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$28,794, \$8,201, and \$80,660, respectively. For fiscal year 2011, 41 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2011, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was \$15,303, \$13,550, and \$14,542, respectively. For fiscal year 2011, 41 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Note 14 - Other Employee Benefits

A. Compensated Absences

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

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

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

B. Health Care Benefits

The School District offers medical insurance to all employees through a self-insurance program. Dental insurance is offered to all employees through Delta Dental. Life insurance is through Metropolitan Educational Council.

C. Separation Benefits

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

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 15 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
School Improvement Bonds					
FY 2007					
Serial Bonds 3.5-3.75%	\$2,615,000	\$0	\$240,000	\$2,375,000	\$255,000
Term Bonds 4.25-5%	9,920,000	0	0	9,920,000	0
Premium	508,032	0	21,696	486,336	0
Total General Obligation Bonds	13,043,032	0	261,696	12,781,336	255,000
Compensated Absences	1,351,914	63,532	76,754	1,338,692	192,159
Total Governmental Activities Long-Term Obligations	<u>\$14,394,946</u>	<u>\$63,532</u>	<u>\$338,450</u>	<u>\$14,120,028</u>	<u>\$447,159</u>
Business-Type Activity					
Compensated Absences	<u>\$0</u>	<u>\$13,789</u>	<u>\$0</u>	<u>\$13,789</u>	<u>\$0</u>

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

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

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

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

Compensated absences will be paid from the General Fund, the Food Service special revenue fund, and the Early Childhood Development enterprise fund.

The School District's overall debt margin was \$409,426 with an unvoted debt margin of \$134,196 at June 30, 2011.

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 15 - Long-Term Obligations (continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2011, were as follows:

Fiscal Year Ending	General Obligation Bonds			
	Serial	Term	Interest	Total
2012	\$255,000	\$0	\$560,669	\$815,669
2013	265,000	0	550,919	815,919
2014	335,000	0	539,669	874,669
2015	355,000	0	526,731	881,731
2016	370,000	0	513,138	883,138
2017-2021	795,000	1,325,000	2,318,451	4,438,451
2022-2026	0	2,685,000	1,733,375	4,418,375
2027-2031	0	3,430,000	972,750	4,402,750
2032-2034	0	2,480,000	160,862	2,640,862
	<u>\$2,375,000</u>	<u>\$9,920,000</u>	<u>\$7,876,564</u>	<u>\$20,171,564</u>

Note 16 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Other Governmental	Total Governmental Funds
Nonspendable for:			
Inventory Held for Resale Materials and Supplies	\$0	\$18,376	\$18,376
Inventory	0	5,667	5,667
Prepaid Items	38,824	0	38,824
Total Nonspendable	<u>38,824</u>	<u>24,043</u>	<u>62,867</u>
Restricted for:			
Athletics and Music	0	54,031	54,031
Building Construction	0	1,923,946	1,923,946
Bus Purchase	5,605	0	5,605
Debt Retirement	0	626,828	626,828
Education Management			
Information Systems	0	6,684	6,684
Network Connectivity	0	4,550	4,550
Parochial School	0	3,129	3,129
Permanent Improvements	0	59,120	59,120
Regular Instruction	0	21,364	21,364

(continued)

Bucyrus City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 16 - Fund Balance (continued)

Fund Balance	General	Other Governmental	Total Governmental Funds
School Facilities			
Maintenance	\$0	\$330,665	\$330,665
Special Instruction	0	15,444	15,444
Total Restricted	<u>5,605</u>	<u>3,045,761</u>	<u>3,051,366</u>
Assigned for:			
Educational Activities	54,827	0	54,827
Extracurricular Activities	1,214	0	1,214
Special Instruction	228	0	228
Underground Storage Tank	11,000	0	11,000
Unpaid Obligations	226,625	0	226,625
Total Assigned	<u>293,894</u>	<u>0</u>	<u>293,894</u>
Unassigned (Deficit):	<u>5,799,440</u>	<u>(22,332)</u>	<u>5,777,108</u>
Total Fund Balance	<u>\$6,137,763</u>	<u>\$3,047,472</u>	<u>\$9,185,235</u>

Note 17 - Set Asides

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future fiscal years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2011.

	Textbooks	Capital Improvements
Balance June 30, 2010	(\$384,475)	\$0
Current Year Set Aside Requirement	215,820	215,820
Qualifying Expenditures	(194,160)	0
Current Year Offsets	0	(215,820)
Balance June 30, 2011	<u>(\$362,815)</u>	<u>\$0</u>

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

Note 18 - Jointly Governed Organizations

A. Tri-Rivers Educational Computer Association

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2011, the School District paid \$43,166 to TRECA for various services. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

B. Pioneer Career and Technology Center

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

C. Metropolitan Educational Council

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

Note 19 - Insurance Pools

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

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

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

Note 19 - Insurance Pools (continued)

B. Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan (Plan), a risk-sharing, claims servicing, and insurance purchasing pool comprised of seventy-five members, including two insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Plan offers medical, dental, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$100,000, under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible limit and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plans participants. All participants pay a premium rate that is actuarially calculated based on the participant's actual claims experience which is utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as from an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. Contributions in excess of these amounts, along with the proportionate share of interest earned on these contributions, will be returned to the School District.

Note 20 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

B. Litigation

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

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Bucyrus City School District
Crawford County
Schedule of Receipts and Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor / Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through The Ohio Department of Education:</i>			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	\$ 173,620	\$ 173,620
National School Lunch Program	10.555		
Cash Assistance		432,126	432,126
Non-Cash Assistance (Food Distribution)	10.555	<u>108,417</u>	<u>108,417</u>
National School Lunch Program Subtotal		<u>540,543</u>	<u>540,543</u>
Total Child Nutrition Cluster		<u>714,163</u>	<u>714,163</u>
Child and Adult Care Food Program	10.558	20,534	20,534
Fresh Fruits and Vegetable Program-Cash Assistance	10.582	<u>6,188</u>	<u>6,188</u>
Total U.S. Department of Agriculture		<u>740,885</u>	<u>740,885</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through The Ohio Department of Education:</i>			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	452,455	439,830
ARRA - Title I Grants to Local Educational Agencies	84.389	<u>61,180</u>	<u>70,527</u>
Total Title I Cluster		513,635	510,357
Special Education Cluster:			
Special Education Grants to States	84.027	390,113	379,810
ARRA - Special Education Grants to States	84.391	44,270	78,188
Special Education Preschool Grant	84.173	19,875	19,209
ARRA - Special Education Preschool Grant	84.392	<u>2,865</u>	<u>4,055</u>
Total Special Education Cluster		457,123	481,262
Education Technology State Grant:			
Technology Literacy Challenge Fund Grants	84.318	3,255	3,569
ARRA - Education Technology State Grants	84.386	<u>180,478</u>	<u>180,827</u>
Total Education Technology State Grant		183,733	184,396
Safe and Drug Free Schools and Communities	84.186	725	-
Twenty-First Century Community Learning	84.287	372,960	286,657
Title VI-B Rural Education	84.358	26,747	26,747
Title II-A Improving Teacher Quality State Grants	84.367	127,825	128,171
School Improvement Grants	84.377	-	1,070
ARRA - Education for Homeless Children and Youth	84.387	800	925
ARRA - State Fiscal Stabilization Fund	84.394	670,908	670,908
Education Jobs Fund	84.410	<u>95,986</u>	<u>90,874</u>
Total – U.S. Department of Education		<u>2,450,442</u>	<u>2,381,367</u>
Total Federal Financial Assistance		<u>\$ 3,191,327</u>	<u>\$ 3,122,252</u>

The accompanying notes are an integral part of this schedule

Bucyrus City School District
Crawford County
Notes to the Schedule of Receipts and Expenditures of Federal Awards
June 30, 2011

Note A – Significant Accounting Policies

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

Note B – Food Donation

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

Note C – Child Nutrition Cluster

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

Note D – Matching Requirements

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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

December 23, 2011

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of **Bucyrus City School District**, Crawford County, Ohio (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents, and have issued our report dated December 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We also noted a certain matter not requiring inclusion in this report that we reported to the School District's management in a separate letter dated December 23, 2011.

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

Respectfully Submitted,

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

Perry and Associates
Certified Public Accountants, A.C.

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

December 23, 2011

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

To the Board of Education:

Compliance

We have audited the compliance of **Bucyrus City School District**, Crawford County, Ohio (the 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 programs for the year ended June 30, 2011. The Summary of Auditor's Results section of the accompanying Schedule of Audit Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect one of the major federal programs. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

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

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

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

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

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 weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	ARRA – State Fiscal Stabilization Fund – CFDA #84.394 Education Technology State Grant: Technology Literacy Challenge Fund Grants – CFDA #84.318 and ARRA – Education Technology State Grants – CFDA #84.386
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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

December 23, 2011

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

To the Board of Education:

Ohio Revised Code Section 117.53 states "the Auditor of State shall identify whether the School District or Community School has adopted an anti-harassment policy in accordance with Section 3312.66 of the Revised Code. This determination shall be recorded in the audit report. The Auditor of State shall not prescribe the content or operation of any anti-harassment policy adopted by a School District or Community School."

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

1. We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

Ohio Revised Code Section 3313.666 required the Board to amend its definition by September 28, 2010.

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

Bucyrus City School District
Crawford County
Independent Accountant's Report
on Applying Agreed-Upon Procedure
Page 2

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

Respectfully Submitted,

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

Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

BUCYRUS CITY SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 21, 2012**