

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

**BASIC FINANCIAL STATEMENTS
(AUDITED)**

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2017*

RYAN COOK, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Bucyrus City School District, Crawford County, prepared by Julian & Grube, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

December 14, 2017

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

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bucyrus City School District, Crawford County, Ohio, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Bucyrus City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bucyrus City School District, Crawford County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 on our consideration of the Bucyrus City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bucyrus City School District's internal control over financial reporting and compliance.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The management's discussion and analysis of Bucyrus City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. 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 the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position increased \$1,581,673. Net position of governmental activities increased \$1,574,621, which represents a 13.17% increase from 2016. Net position of business-type activities increased \$7,052 or 31.08% from 2016.
- General revenues accounted for \$16,960,000 in revenue or 77.67% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$4,875,368 or 22.33% of total governmental activities revenues of \$21,835,368.
- The School District had \$20,260,747 in expenses related to governmental activities; only \$4,875,368 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of \$16,960,000 were used to provide for these programs.
- The School District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$17,875,676 in revenues and \$15,899,334 in expenditures and other financing uses. The fund balance of the general fund increased \$1,976,343 from a balance of \$6,661,057 to \$8,637,399.
- The bond retirement fund had \$973,880 in revenues and \$905,092 in expenditures. The fund balance of the bond retirement fund increased \$68,788 from a balance of \$722,069 to \$790,857.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net position* and *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 the next 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 one column. The School District's major governmental funds are the general fund and the bond retirement fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* except for fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the 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 position and the statement of activities, the School District is divided into two distinct kinds of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities and food service operations.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The School District's early childhood development program is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 18-22 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Proprietary Funds

There are two types of proprietary funds: enterprise funds and internal service funds. The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the School District as a whole. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for employee benefits self-insurance. The proprietary fund financial statements can be found on pages 23-25 of this report.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 26 and 27. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position for 2017 and 2016.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>Assets</u>						
Current assets	\$ 17,517,391	\$ 14,633,933	\$ 29,921	\$ 22,689	\$ 17,547,312	\$ 14,656,622
Capital assets, net	<u>33,385,632</u>	<u>34,247,833</u>	<u>-</u>	<u>-</u>	<u>33,385,632</u>	<u>34,247,833</u>
Total assets	<u>50,903,023</u>	<u>48,881,766</u>	<u>29,921</u>	<u>22,689</u>	<u>50,932,944</u>	<u>48,904,455</u>
<u>Deferred outflows of resources</u>						
Pensions	4,486,270	2,236,596	-	-	4,486,270	2,236,596
Unamortized deferred charges on debt refunding	<u>1,465,966</u>	<u>1,521,177</u>	<u>-</u>	<u>-</u>	<u>1,465,966</u>	<u>1,521,177</u>
Total deferred outflows of resources	<u>5,952,236</u>	<u>3,757,773</u>	<u>-</u>	<u>-</u>	<u>5,952,236</u>	<u>3,757,773</u>
<u>Liabilities</u>						
Current liabilities	1,567,952	1,553,880	180	-	1,568,132	1,553,880
Long-term liabilities:						
Due within one year	702,034	761,236	-	-	702,034	761,236
Due in more than one year:						
Net pension liability	24,181,697	20,803,210	-	-	24,181,697	20,803,210
Other amounts	<u>12,225,311</u>	<u>12,673,474</u>	<u>-</u>	<u>-</u>	<u>12,225,311</u>	<u>12,673,474</u>
Total liabilities	<u>38,676,994</u>	<u>35,791,800</u>	<u>180</u>	<u>-</u>	<u>38,677,174</u>	<u>35,791,800</u>
<u>Deferred inflows of resources</u>						
Property taxes levied for the next fiscal year	3,620,347	3,336,085	-	-	3,620,347	3,336,085
PILOTS levied for the next fiscal year	36,555	36,555	-	-	36,555	36,555
Pensions	<u>988,744</u>	<u>1,517,101</u>	<u>-</u>	<u>-</u>	<u>988,744</u>	<u>1,517,101</u>
Total deferred inflows of resources	<u>4,645,646</u>	<u>4,889,741</u>	<u>-</u>	<u>-</u>	<u>4,645,646</u>	<u>4,889,741</u>
<u>Net Position</u>						
Net investment in capital assets	23,596,868	23,797,070	-	-	23,596,868	23,797,070
Restricted	714,861	887,191	-	-	714,861	887,191
Unrestricted (deficit)	<u>(10,779,110)</u>	<u>(12,726,263)</u>	<u>29,741</u>	<u>22,689</u>	<u>(10,749,369)</u>	<u>(12,703,574)</u>
Total net position	<u>\$ 13,532,619</u>	<u>\$ 11,957,998</u>	<u>\$ 29,741</u>	<u>\$ 22,689</u>	<u>\$ 13,562,360</u>	<u>\$ 11,980,687</u>

The School District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

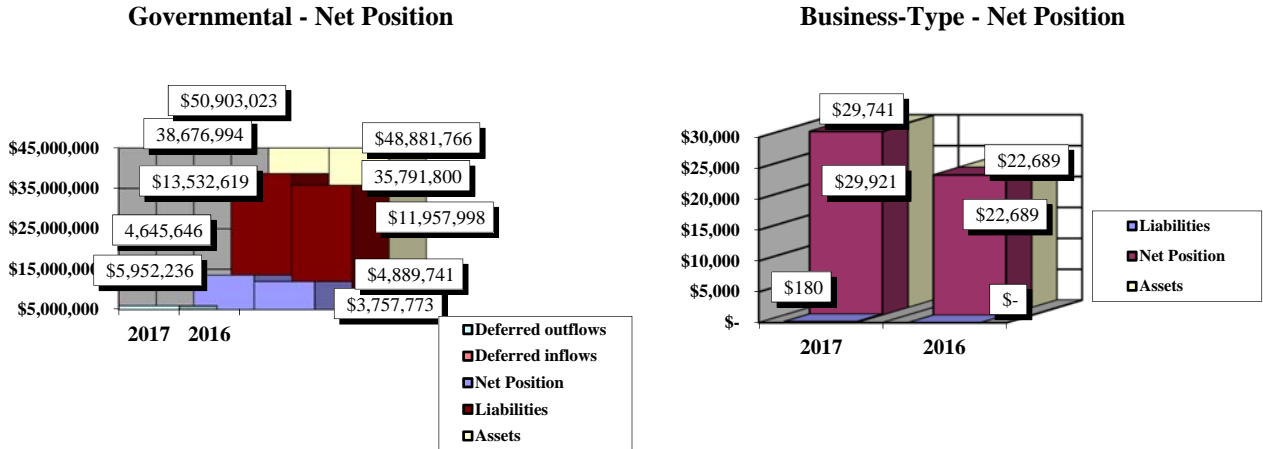
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The graph below shows the School District's assets, liabilities and net position at June 30, 2017 and 2016.



The table below shows the changes in net position for fiscal years 2017 and 2016.

Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,181,154	\$ 1,037,558	\$ 23,573	\$ 16,750	\$ 1,204,727	\$ 1,054,308
Operating grants and contributions	3,694,214	3,959,371	-	-	3,694,214	3,959,371
General revenues:						
Property taxes	5,019,783	4,871,154	-	-	5,019,783	4,871,154
Payments in lieu of taxes	36,555	42,787	-	-	36,555	42,787
Grants and entitlements not restricted	11,720,483	10,766,672	-	-	11,720,483	10,766,672
Investment earnings	73,505	30,846	-	-	73,505	30,846
Miscellaneous	109,674	115,553	-	-	109,674	115,553
Total revenues	21,835,368	20,823,941	23,573	16,750	21,858,941	20,840,691

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Expenses						
Program expenses:						
Instruction:						
Regular	\$ 6,235,457	\$ 5,763,565	\$ -	\$ -	\$ 6,235,457	\$ 5,763,565
Special	2,794,513	2,578,484	-	-	2,794,513	2,578,484
Vocational	28,658	28,608	-	-	28,658	28,608
Other	3,046,292	2,839,672	-	-	3,046,292	2,839,672
Support services:						
Pupil	551,083	486,133	-	-	551,083	486,133
Instructional staff	219,180	199,961	-	-	219,180	199,961
Board of education	96,061	65,822	-	-	96,061	65,822
Administration	1,615,320	1,417,698	-	-	1,615,320	1,417,698
Fiscal	618,172	593,862	-	-	618,172	593,862
Business	742,888	708,024	-	-	742,888	708,024
Operations and maintenance	1,271,877	1,179,977	-	-	1,271,877	1,179,977
Pupil transportation	427,255	394,284	-	-	427,255	394,284
Central	362,539	296,282	-	-	362,539	296,282
Operation of non-instructional services:						
Food service operations	1,198,085	1,170,206	-	-	1,198,085	1,170,206
Other non-instructional services	57,977	8,252	-	-	57,977	8,252
Extracurricular activities	540,191	500,915	-	-	540,191	500,915
Interest and fiscal charges	455,199	400,965	-	-	455,199	400,965
Early childhood development	-	-	16,521	17,309	16,521	17,309
Total expenses	<u>20,260,747</u>	<u>18,632,710</u>	<u>16,521</u>	<u>17,309</u>	<u>20,277,268</u>	<u>18,650,019</u>
Changes in net position	1,574,621	2,191,231	7,052	(559)	1,581,673	2,190,672
Net position at beginning of year	<u>11,957,998</u>	<u>9,766,767</u>	<u>22,689</u>	<u>23,248</u>	<u>11,980,687</u>	<u>9,790,015</u>
Net position at end of year	<u>\$ 13,532,619</u>	<u>\$ 11,957,998</u>	<u>\$ 29,741</u>	<u>\$ 22,689</u>	<u>\$ 13,562,360</u>	<u>\$ 11,980,687</u>

Governmental Activities

Net position of the School District's governmental activities increased \$1,574,621. Total governmental expenses of \$20,260,747 were offset by program revenues of \$4,875,368, and general revenues of \$16,960,000. Program revenues supported 24.06% of the total governmental expenses.

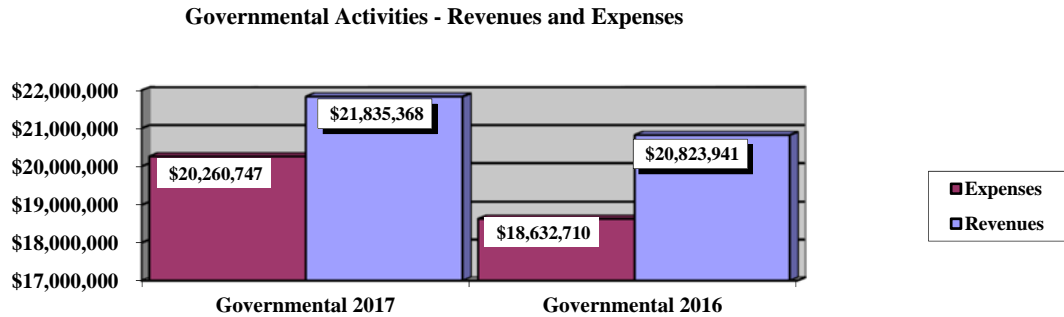
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 76.67% of total governmental revenue.

The largest expense of the School District is for instructional programs. Instruction expenses totaled \$12,104,920 or 59.75% of total governmental expenses for fiscal year 2017.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The graph below presents the School District's governmental activities revenue and expenses for fiscal years 2017 and 2016.



The statement of activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2017 and 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

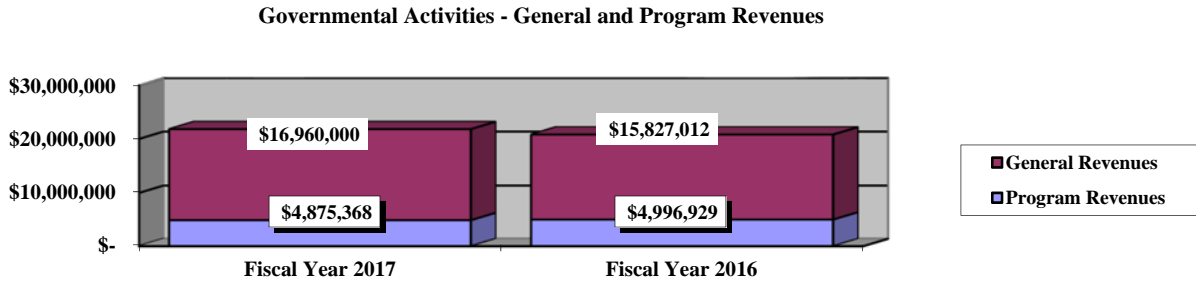
	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Program expenses:				
Instruction:				
Regular	\$ 6,235,457	\$ 5,005,323	\$ 5,763,565	\$ 4,573,538
Special	2,794,513	487,766	2,578,484	147,470
Vocational	28,658	25,636	28,608	23,536
Other	3,046,292	3,046,292	2,839,672	2,839,672
Support services:				
Pupil	551,083	521,547	486,133	453,567
Instructional staff	219,180	184,220	199,961	173,667
Board of education	96,061	96,061	65,822	65,822
Administration	1,615,320	1,611,214	1,417,698	1,413,375
Fiscal	618,172	618,172	593,862	593,862
Business	742,888	742,888	708,024	707,483
Operations and maintenance	1,271,877	1,267,364	1,179,977	1,169,262
Pupil transportation	427,255	386,373	394,284	330,758
Central	362,539	356,335	296,282	292,682
Operation of non-instructional services:				
Food service operations	1,198,085	146,469	1,170,206	74,049
Other non-instructional services	57,977	10,434	8,252	(2,613)
Extracurricular activities	540,191	424,086	500,915	378,686
Interest and fiscal charges	455,199	455,199	400,965	400,965
Total expenses	\$ 20,260,747	\$ 15,385,379	\$ 18,632,710	\$ 13,635,781

The dependence upon tax revenues during fiscal year 2017 for governmental activities is apparent, as 70.76% of 2017 instruction activities are supported through taxes and other general revenues. The School District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the School District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The graph below presents the School District's governmental activities revenue for fiscal years 2017 and 2016.



Business-Type Activities

Business-type activities include early childhood development operations. These programs had revenues of \$23,573 and expenses of \$16,521 for fiscal year 2017. The School District's business-type activities do not receive support from tax revenues.

The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$9,563,359 which is \$2,078,992 greater than last year's total of \$7,484,367. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance <u>June 30, 2017</u>	Fund Balance <u>June 30, 2016</u>	<u>Change</u>
General	\$ 8,637,399	\$ 6,661,057	\$ 1,976,342
Bond retirement	790,857	722,069	68,788
Other governmental	<u>135,103</u>	<u>101,241</u>	<u>33,862</u>
Total	<u>\$ 9,563,359</u>	<u>\$ 7,484,367</u>	<u>\$ 2,078,992</u>

General Fund

The School District's general fund balance increased \$1,976,342 during fiscal year 2017. The table that follows assists in illustrating the revenues of the general fund.

	2017 <u>Amount</u>	2016 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 3,815,661	\$ 3,814,723	0.02 %
Intergovernmental	13,057,810	12,802,096	2.00 %
Other revenues	<u>1,002,205</u>	<u>880,660</u>	13.80 %
Total	<u>\$ 17,875,676</u>	<u>\$ 17,497,479</u>	2.16 %

During fiscal year 2017 the general fund's revenues increased \$378,197 or 2.16%. This increase can be partially attributed to the School District receiving an increase in state funding during the 2017 fiscal year. The biggest increase in other revenue was a result of an increase tuition revenue from open enrollment. The table that follows assists in illustrating the expenditures of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 10,002,490	\$ 9,849,704	1.55 %
Support services	5,291,381	5,174,439	2.26 %
Extracurricular activities	360,093	350,615	2.70 %
Facilities acquisition and construction	83,873	8,335	906.27 %
Debt service	-	180,000	(100.00) %
Total	<u>\$ 15,737,837</u>	<u>\$ 15,563,093</u>	1.12 %

During fiscal year 2017 the general fund's expenditures remained relatively stable with a slight increase of 1.12% from fiscal year 2016. In 2016, the general fund made a debt service payment of \$180,000 to pay off the outstanding balance of a lease purchase agreement. In 2017, the School District made repairs to Bucyrus Elementary including a roofing project, which resulted in an increase in facilities acquisition and construction costs. The increase in instruction and support services expenditures was the result of increases in salary and benefit expenditures.

Bond Retirement Fund

The bond retirement fund had \$973,880 in revenues and \$905,092 in expenditures. The fund balance of the bond retirement fund increased \$68,788 from a balance of \$722,069 to \$790,857. The bond retirement fund receives property taxes and homestead and rollback revenue. The expenses are fees to the County auditor and principal and interest expenses on the School District's outstanding debt.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the School District amended its general fund budget. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$419,578 below actual revenues and other financing sources of \$17,913,656. The original budgeted revenues and other financing sources were \$340,252 higher than final budgeted revenues and other financing sources.

General fund final appropriations and other financing uses were \$16,598,588. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled \$16,443,893, which was \$154,695 less than the final budget appropriations. The final appropriations were \$183,113 greater than the original appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the School District had \$33,385,632 invested in land, land/improvements, buildings/improvements, furniture/equipment, and vehicles. The following table shows fiscal year 2017 balances compared to 2016:

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

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 706,175	\$ 706,175
Land/improvements	429,149	462,749
Building/improvements	31,377,409	32,135,817
Furniture/equipment	505,225	548,567
Vehicles	<u>367,674</u>	<u>394,525</u>
Total	<u>\$ 33,385,632</u>	<u>\$ 34,247,833</u>

See Note 8 to the basic financial statements for detail on the School District's capital assets.

Debt Administration

At June 30, 2017 the School District had \$10,157,910 in general obligation bonds outstanding. The general obligation bonds are comprised of current issue bonds and capital appreciation bonds. Of this total debt outstanding, \$545,195 is due within one year and \$9,612,715 is due in more than one year. The table on the following page summarizes the bonds outstanding:

Outstanding Debt, at June 30

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
Current interest bonds	\$ 9,330,000	\$ 9,955,000
Capital appreciation bonds	259,999	259,999
Capital appreciation bonds - accreted interest	<u>567,911</u>	<u>328,697</u>
Total	<u>\$ 10,157,910</u>	<u>\$ 10,543,696</u>

See Note 10 to the basic financial statements for detail on the School District's debt administration.

Current Financial Related Activities

The Bucyrus City Schools Board of Education governs our School District finances. Each October and May, the School District prepares a five-year forecast. This year our forecast is laden with risks and uncertainty due to the economic climate and volatility of the legislative changes that are happening very fast and with little time to plan. We are simply responding to the cause-and-effect of the economic changes with promptness. The items on the following page give a short description of the current issues and how they may affect our forecast long term:

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

- 1) Crawford County experienced a reappraisal update in the 2015 tax year to be collected in FY16. A complete reappraisal occurred in tax year 2012 for collection in FY13, which lowered assessed values by \$15.98 million or a decrease of 11.5%. In 2016 our district values fell by just less than 1% at .84%. This was not the small increase we anticipated but the decline was very small and shows values have leveled out and should continue at their current levels or increase slightly over time. Declines in value pose only an inside millage risk to lower income as our emergency levy establishes a floor which we cannot collect below and our other outside millages have room to roll up in response to value decreases.
- 2) The State Budget represents 72% of district revenues, which means it is a significant area of risk to revenue. The risk comes in FY18 and beyond if the state economy worsens or if the currently adopted HB64 funding formula is changed to reduce funding to our district in a future state budget. There are two future State Biennium Budgets covering the period from FY18 through FY21 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY21.
- 3) HB 64 has continued reimbursement of Fixed Sum TPP reimbursements at current levels through FY17 and will begin a phase out over five years through FY21. There will be no fixed sum TPP reimbursement in FY22. Districts will not lose money due to the phase out. The amount of money the state is cutting as its reimbursement will be added on the local fixed sum millage and collected in local property taxes. This is directly shifting the burden to local tax payers by the state cut in fixed sum TPP reimbursement.
- 4) There are many provisions in the current state budget bill HB64 that increased the district expenditures in the form of expanded school choice programs such as College Credit Plus and increases in amounts deducted from our state aid in the 2016-17 school years. The cost of each Peterson Special Needs voucher and Autism Scholarship Program increased sharply in HB64 from \$20,000 each to \$27,000, a 35% increase. These are examples of new choice programs that cost the district money. Expansion or creation of programs such as these exposes the district to new expenditures that are not currently in the forecast. We are monitoring HB49 for any new threats to our state aid revenue or that could increase costs.
- 5) Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provision of this federal statute were implemented January 1, 2015. Implementation of these provisions has increased costs by as much as 2%. There is the additional risk that costs will go up as additional staff is added to our health care rolls. We have made allowance for increases in our costs for health care in the forecast based on what we know at this time. Future uncertainty over rules and implementation of PPACA is a risk to district costs. Future uncertainty over rules and implementation of PPACA exists as it is under review and potential repeal or modification at the Federal Level.
- 6) Labor relations in the district have been very amicable with all parties working for the best interest of students and realizing the resource challenges the district faces. We believe as the district moves forward a strong working relationship will continue.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Ryan Cook, Treasurer, Bucyrus School District, 170 Plymouth Street, Bucyrus, Ohio 44820.

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

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 10,533,314	\$ 29,921	\$ 10,563,235
Receivables:			
Property taxes	6,496,645	-	6,496,645
Payment in lieu of taxes	36,555	-	36,555
Accounts.	9,921	-	9,921
Accrued interest	7,804	-	7,804
Intergovernmental	375,229	-	375,229
Prepayments	21,569	-	21,569
Materials and supplies inventory.	5,656	-	5,656
Inventory held for resale.	30,698	-	30,698
Capital assets:			
Nondepreciable capital assets	706,175	-	706,175
Depreciable capital assets, net.	32,679,457	-	32,679,457
Capital assets, net	<u>33,385,632</u>	<u>-</u>	<u>33,385,632</u>
Total assets.	<u>50,903,023</u>	<u>29,921</u>	<u>50,932,944</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	1,465,966	-	1,465,966
Pension - STRS	3,225,227	-	3,225,227
Pension - SERS	1,261,043	-	1,261,043
Total deferred outflows of resources	<u>5,952,236</u>	<u>-</u>	<u>5,952,236</u>
Liabilities:			
Accounts payable.	13,397	180	13,577
Accrued wages and benefits payable	1,140,219	-	1,140,219
Intergovernmental payable	33,983	-	33,983
Pension and postemployment benefits payable.	178,391	-	178,391
Accrued interest payable	20,285	-	20,285
Claims payable.	181,677	-	181,677
Long-term liabilities:			
Due within one year.	702,034	-	702,034
Due in more than one year:			
Net pension liability (See Note 14).	24,181,697	-	24,181,697
Other amounts due in more than one year	12,225,311	-	12,225,311
Total liabilities	<u>38,676,994</u>	<u>180</u>	<u>38,677,174</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	3,620,347	-	3,620,347
Payment in lieu of taxes levied for the next fiscal year	36,555	-	36,555
Pension - STRS.	988,744	-	988,744
Total deferred inflows of resources	<u>4,645,646</u>	<u>-</u>	<u>4,645,646</u>
Net position:			
Net investment in capital assets	23,596,868	-	23,596,868
Restricted for:			
Capital projects	123,425	-	123,425
Classroom facilities maintenance	62,053	-	62,053
Debt service.	338,584	-	338,584
State funded programs.	1,800	-	1,800
Federally funded programs	1	-	1
Student activities	46,115	-	46,115
Other purposes	142,883	-	142,883
Unrestricted (deficit)	(10,779,110)	29,741	(10,749,369)
Total net position.	<u>\$ 13,532,619</u>	<u>\$ 29,741</u>	<u>\$ 13,562,360</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 6,235,457	\$ 777,958	\$ 452,176
Special	2,794,513	-	2,306,747
Vocational	28,658	-	3,022
Other	3,046,292	-	-
Support services:			
Pupil.	551,083	-	29,536
Instructional staff	219,180	-	34,960
Board of education	96,061	-	-
Administration.	1,615,320	-	4,106
Fiscal.	618,172	-	-
Business.	742,888	-	-
Operations and maintenance	1,271,877	4,513	-
Pupil transportation.	427,255	-	40,882
Central	362,539	-	6,204
Operation of non-instructional services:			
Other non-instructional services	57,977	-	47,543
Food service operations	1,198,085	303,916	747,700
Extracurricular activities.	540,191	94,767	21,338
Interest and fiscal charges	455,199	-	-
Total governmental activities	20,260,747	1,181,154	3,694,214
Business-type activities:			
Early Childhood Development	16,521	23,573	-
Total business-type activities	16,521	23,573	-
Totals	\$ 20,277,268	\$ 1,204,727	\$ 3,694,214

General revenues:

- Property taxes levied for:
 - General purposes
 - Debt service.
 - Classroom facilities maintenance
 - Capital outlay.
- Payments in lieu of taxes.
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (5,005,323)	\$ -	\$ (5,005,323)
(487,766)	-	(487,766)
(25,636)	-	(25,636)
(3,046,292)	-	(3,046,292)
(521,547)	-	(521,547)
(184,220)	-	(184,220)
(96,061)	-	(96,061)
(1,611,214)	-	(1,611,214)
(618,172)	-	(618,172)
(742,888)	-	(742,888)
(1,267,364)	-	(1,267,364)
(386,373)	-	(386,373)
(356,335)	-	(356,335)
(10,434)	-	(10,434)
(146,469)	-	(146,469)
(424,086)	-	(424,086)
(455,199)	-	(455,199)
<u>(15,385,379)</u>	<u>-</u>	<u>(15,385,379)</u>
-	7,052	7,052
-	7,052	7,052
<u>(15,385,379)</u>	<u>7,052</u>	<u>(15,378,327)</u>
4,028,202	-	4,028,202
885,269	-	885,269
53,156	-	53,156
53,156	-	53,156
36,555	-	36,555
11,720,483	-	11,720,483
73,505	-	73,505
109,674	-	109,674
<u>16,960,000</u>	<u>-</u>	<u>16,960,000</u>
1,574,621	7,052	1,581,673
11,957,998	22,689	11,980,687
<u>\$ 13,532,619</u>	<u>\$ 29,741</u>	<u>\$ 13,562,360</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments.	\$ 7,856,113	\$ 422,651	\$ 315,314	\$ 8,594,078
Receivables:				
Property taxes.	5,274,686	1,085,388	136,571	6,496,645
Payment in lieu of taxes	36,555	-	-	36,555
Accounts	9,921	-	-	9,921
Accrued interest	7,804	-	-	7,804
Intergovernmental.	137,572	-	237,657	375,229
Prepayments.	21,298	-	271	21,569
Materials and supplies inventory.	-	-	5,656	5,656
Inventory held for resale.	-	-	30,698	30,698
Due from other funds	161,336	-	-	161,336
Total assets	<u>\$ 13,505,285</u>	<u>\$ 1,508,039</u>	<u>\$ 726,167</u>	<u>\$ 15,739,491</u>
Liabilities:				
Accounts payable	\$ 6,759	\$ -	\$ 6,638	\$ 13,397
Accrued wages and benefits payable	963,169	-	177,050	1,140,219
Compensated absences payable	15,547	-	-	15,547
Intergovernmental payable	31,913	-	2,070	33,983
Pension and postemployment benefits payable	153,577	-	24,814	178,391
Due to other funds	-	-	161,336	161,336
Total liabilities.	<u>1,170,965</u>	<u>-</u>	<u>371,908</u>	<u>1,542,873</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	2,963,624	581,259	75,464	3,620,347
Payment in lieu of taxes levied for the next fiscal year.	36,555	-	-	36,555
Delinquent property tax revenue not available.	616,044	135,923	16,476	768,443
Intergovernmental revenue not available.	80,698	-	127,216	207,914
Total deferred inflows of resources	<u>3,696,921</u>	<u>717,182</u>	<u>219,156</u>	<u>4,633,259</u>
Total liabilities and deferred inflows of resources	<u>4,867,886</u>	<u>717,182</u>	<u>591,064</u>	<u>6,176,132</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	5,656	5,656
Prepays.	21,298	-	271	21,569
Restricted:				
Debt service.	-	790,857	-	790,857
Capital improvements	-	-	115,187	115,187
Classroom facilities maintenance	-	-	53,815	53,815
Food service operations	-	-	154,893	154,893
Special education	-	-	1	1
Other purposes.	-	-	1,800	1,800
Extracurricular	-	-	46,091	46,091
Assigned:				
Student instruction	143,416	-	-	143,416
Student and staff support.	325,890	-	-	325,890
Facilities acquisition and construction	8,453	-	-	8,453
Other purposes.	11,283	-	-	11,283
Unassigned (deficit)	8,127,059	-	(242,611)	7,884,448
Total fund balances	<u>8,637,399</u>	<u>790,857</u>	<u>135,103</u>	<u>9,563,359</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,505,285</u>	<u>\$ 1,508,039</u>	<u>\$ 726,167</u>	<u>\$ 15,739,491</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total governmental fund balances		\$	9,563,359
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			33,385,632
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	768,443	
Intergovernmental receivable		207,914	
Total			976,357
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - Pension		4,486,270	
Deferred Inflows - Pension		(988,744)	
Net pension liability		(24,181,697)	
Total			(20,684,171)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			1,757,559
Unamortized premiums on bonds issued are not recognized in the funds.			(1,664,731)
Unamortized amounts on refundings are not recognized in the funds.			1,465,966
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(20,285)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(10,157,910)	
Compensated absences		(1,089,157)	
Total			(11,247,067)
Net position of governmental activities		\$	13,532,619

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 3,815,661	\$ 831,739	\$ 100,822	\$ 4,748,222
Payment in lieu of taxes	36,555	-	-	36,555
Tuition	777,936	-	-	777,936
Earnings on investments	73,505	-	-	73,505
Charges for services	-	-	302,316	302,316
Extracurricular	-	-	94,767	94,767
Classroom materials and fees	22	-	-	22
Rental income	4,513	-	-	4,513
Contributions and donations	9,767	-	-	9,767
Other local revenues	99,907	-	26,637	126,544
Intergovernmental - state	12,790,274	142,141	232,800	13,165,215
Intergovernmental - federal	267,536	-	2,020,312	2,287,848
Total revenues	<u>17,875,676</u>	<u>973,880</u>	<u>2,777,654</u>	<u>21,627,210</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,124,136	-	495,219	5,619,355
Special	1,828,005	-	885,097	2,713,102
Vocational	4,057	-	-	4,057
Other	3,046,292	-	-	3,046,292
Support services:				
Pupil	495,212	-	35,994	531,206
Instructional staff	166,561	-	42,583	209,144
Board of education	95,681	-	-	95,681
Administration	1,490,518	-	5,007	1,495,525
Fiscal	556,955	26,204	3,322	586,481
Business	697,956	-	22,583	720,539
Operations and maintenance	1,022,331	-	137,293	1,159,624
Pupil transportation	408,347	-	-	408,347
Central	357,820	-	4,666	362,486
Operation of non-instructional services:				
Other operation of non-instructional	-	-	57,977	57,977
Food service operations	-	-	1,103,182	1,103,182
Extracurricular activities	360,093	-	112,366	472,459
Facilities acquisition and construction	83,873	-	-	83,873
Debt service:				
Principal retirement	-	625,000	-	625,000
Interest and fiscal charges	-	253,888	-	253,888
Total expenditures	<u>15,737,837</u>	<u>905,092</u>	<u>2,905,289</u>	<u>19,548,218</u>
Excess (deficiency) of revenues over (under) expenditures	2,137,839	68,788	(127,635)	2,078,992
Other financing sources (uses):				
Transfers in	-	-	161,497	161,497
Transfers (out)	(161,497)	-	-	(161,497)
Total other financing sources (uses)	<u>(161,497)</u>	<u>-</u>	<u>161,497</u>	<u>-</u>
Net change in fund balances	1,976,342	68,788	33,862	2,078,992
Fund balances at beginning of year	<u>6,661,057</u>	<u>722,069</u>	<u>101,241</u>	<u>7,484,367</u>
Fund balances at end of year	<u>\$ 8,637,399</u>	<u>\$ 790,857</u>	<u>\$ 135,103</u>	<u>\$ 9,563,359</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$	2,078,992
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 55,159	
Current year depreciation	(907,161)	
Total		(852,002)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(10,199)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	271,561	
Intergovernmental	(62,872)	
Total		208,689
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		625,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	904	
Accreted interest on capital appreciation bonds	(239,214)	
Amortization of bond premiums	92,210	
Amortization of deferred charges	(55,211)	
Total		(201,311)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		44,916
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,147,297
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,747,753)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		280,992
Change in net position of governmental activities	\$	1,574,621

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 3,847,601	\$ 3,854,078	\$ 3,854,078	\$ -
Payment in lieu of taxes.	43,215	43,215	36,555	(6,660)
Tuition.	687,231	733,241	777,936	44,695
Earnings on investments	31,299	31,299	65,838	34,539
Classroom materials and fees	132	132	22	(110)
Rental income	9,029	9,029	3,463	(5,566)
Contributions and donations	-	-	9,767	9,767
Other local revenues	98,157	96,391	53,094	(43,297)
Intergovernmental - state	12,539,623	12,413,650	12,802,278	388,628
Intergovernmental - federal	472,037	257,037	267,535	10,498
Total revenues	<u>17,728,324</u>	<u>17,438,072</u>	<u>17,870,566</u>	<u>432,494</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,337,901	5,367,082	5,220,306	146,776
Special.	1,989,248	1,988,098	1,903,634	84,464
Vocational.	4,373	4,369	4,073	296
Other.	2,904,765	2,902,355	3,129,750	(227,395)
Support services:				
Pupil.	523,693	525,215	491,343	33,872
Instructional staff	185,873	186,319	171,415	14,904
Board of education	71,213	71,154	114,698	(43,544)
Administration.	1,498,312	1,497,957	1,506,630	(8,673)
Fiscal	550,441	552,215	562,685	(10,470)
Business	697,934	759,030	743,115	15,915
Operations and maintenance.	1,305,728	1,306,645	1,095,954	210,691
Pupil transportation	499,216	498,802	425,532	73,270
Central.	406,108	420,379	493,211	(72,832)
Extracurricular activities.	324,783	324,514	327,723	(3,209)
Facilities acquisition and construction	14,500	93,151	92,327	824
Total expenditures	<u>16,314,088</u>	<u>16,497,285</u>	<u>16,282,396</u>	<u>214,889</u>
Excess of revenues over expenditures.	<u>1,414,236</u>	<u>940,787</u>	<u>1,588,170</u>	<u>647,383</u>
Other financing sources (uses):				
Refund of prior year's expenditures	106,006	56,006	43,090	(12,916)
Refund of prior year's receipts.	(303)	(303)	-	303
Transfers (out).	(101,084)	(101,000)	(161,497)	(60,497)
Total other financing sources (uses)	<u>4,619</u>	<u>(45,297)</u>	<u>(118,407)</u>	<u>(73,110)</u>
Net change in fund balance	1,418,855	895,490	1,469,763	574,273
Fund balance at beginning of year	5,613,020	5,613,020	5,613,020	-
Prior year encumbrances appropriated . .	399,894	399,894	399,894	-
Fund balance at end of year	<u>\$ 7,431,769</u>	<u>\$ 6,908,404</u>	<u>\$ 7,482,677</u>	<u>\$ 574,273</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Early Childhood Development	Governmental Activities - Internal Service Funds
Assets:		
Equity in pooled cash and investments	\$ 29,921	\$ 1,939,236
Total assets.	29,921	1,939,236
Liabilities:		
Accounts payable.	180	-
Claims payable	-	181,677
Total liabilities	180	181,677
Net position:		
Unrestricted.	29,741	1,757,559
Total net position.	\$ 29,741	\$ 1,757,559

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Operating revenues:		
Tuition and fees.	\$ 23,573	\$ -
Sales/charges for services.	-	2,520,508
Total operating revenues	23,573	2,520,508
Operating expenses:		
Personal services.	-	292,569
Purchased services.	13,721	80,033
Materials and supplies	2,800	10,408
Claims	-	1,856,506
Total operating expenses.	16,521	2,239,516
Operating income.	7,052	280,992
Net position at beginning of year.	22,689	1,476,567
Net position at end of year	\$ 29,741	\$ 1,757,559

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Cash received from tuition and fees	\$ 23,573	\$ -
Cash received from interfund charges.	-	2,520,508
Cash payments for personal services.	-	(292,569)
Cash payments for contractual services	(13,541)	(80,033)
Cash payments for materials and supplies	(2,800)	(10,408)
Cash payments for claims	-	(1,800,355)
	<u> </u>	<u> </u>
Net cash provided by operating activities	7,232	337,143
	<u> </u>	<u> </u>
Net increase in cash and cash cash equivalents	7,232	337,143
	<u> </u>	<u> </u>
Cash and cash equivalents at beginning of year . . .	22,689	1,602,093
Cash and cash equivalents at end of year	<u><u>\$ 29,921</u></u>	<u><u>\$ 1,939,236</u></u>
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,052	\$ 280,992
Changes in assets and liabilities:		
Accounts payable	180	-
Claims payable	-	56,151
	<u> </u>	<u> </u>
Net cash provided by operating activities.	<u><u>\$ 7,232</u></u>	<u><u>\$ 337,143</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Current assets:		
Equity in pooled cash and investments	\$ 6,823	\$ 41,242
Total assets.	6,823	\$ 41,242
Liabilities:		
Accounts payable.	-	\$ 84
Due to students.	-	41,158
Total liabilities	-	\$ 41,242
Net position:		
Held in trust for scholarships	6,823	
Total net position.	\$ 6,823	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 6,571
Total additions.	6,571
 Deductions:	
Scholarships awarded	5,721
Change in net position	850
Net position at beginning of year.	5,973
Net position at end of year	\$ 6,823

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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. It is staffed by 50 classified employees and 103 certified personnel who provide services to 1,316 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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:

The School District participates in three jointly governed organizations and two insurance pools. These organizations are Northwest Ohio Computer Association, Pioneer Career and Technology Center, Metropolitan Educational Council, the Ohio School Plan and the Ohio School Boards Association Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

The basic financial statements of Bucyrus City School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

B. Basis of Presentation

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

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

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

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

C. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

GOVERNMENTAL FUNDS

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

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal, interest and related costs.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

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

Enterprise Fund - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District has one enterprise fund that accounts for revenues from an after school care program.

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the School District accounts for a self-insurance program which provides medical/surgical, dental and vision benefits to employees.

FIDUCIARY FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

D. Measurement Focus

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

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

The private purpose trust fund is accounted for using a flow of economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, See Note 14 for deferred outflows of resources related the School District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the School District, See Note 14 for deferred inflows of resources related to the School District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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.

F. 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.

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

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

G. 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 Investments".

During fiscal year 2017, the School District invested in nonnegotiable certificates of deposit and mutual funds. 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 shares price.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the general fund during fiscal year 2017 was \$73,505, which includes \$18,615 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

H. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost of market and donated commodities are presented at their entitlement value. Inventory is presented at cost on a first-in, first-out basis and is expensed/expensed when used. Inventories are accounted for using the consumption method on the government-wide statements and the fund financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds, which indicates that it does not constitute available spending resources even though it is a component of net current assets.

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 externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. The District has no restricted assets.

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 position, but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition 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, 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	Governmental Activities Estimated Lives
Land improvements	20 - 40 years
Buildings and improvements	25 - 138 years
Furniture and equipment	10 - 50 years
Vehicles	10 - 15 years

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

K. Deferred Charge on Refunding

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

L. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans are classified as "Due to/Due from other funds" and receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payables". Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as "Internal Balances".

M. Compensated Absences

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

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

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

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

N. 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 and net pension liability 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.

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

O. Unamortized Premium

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

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

P. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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. The amount restricted for other purposes includes amounts restricted for food service.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. 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 the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the School District 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted nor 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 policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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 could be used.

R. Operating Revenue and Expenses

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

S. Interfund Transactions

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

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

U. Estimates

The preparation of financial statements in conformity with GAAP 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.

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2017, the School District did not incur any transactions that would be classified as an extraordinary item or special item.

W. Fair Market Value

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, “*Tax Abatement Disclosures*”, GASB Statement No. 78, “*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*”, GASB Statement No. 80, “*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*” and GASB Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*”.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government’s tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public School Preschool	\$ 36,114
IDEA, Part B	53,524
Title I, Disadvantaged Children	79,347
Improving Teacher Quality	14,780
Miscellaneous Federal Grants	58,846

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 that 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 may be deposited or invested in the following securities:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all School District deposits was \$7,242,096. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, \$6,898,850 of the School District's bank balance of \$7,398,850 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

B. Investments

As of June 30, 2017, the School District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	<u>Investment Maturities</u>		
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>
Fair Value:				
Negotiable CD's	\$ 2,395,331	\$ 796,976	\$ 1,294,006	\$ 304,349
Mutual funds	<u>973,873</u>	<u>973,873</u>	-	-
Total	<u>\$ 3,369,204</u>	<u>\$ 1,770,849</u>	<u>\$ 1,294,006</u>	<u>\$ 304,349</u>

The weighted average maturity of investments is .19 years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: Standard & Poor's has assigned the mutual fund an AAAM money market rating. The negotiable CD's do not receive a rating.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2017:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Fair Value:		
Negotiable CD's	\$ 2,395,331	71.09
Mutual funds	<u>973,873</u>	<u>28.91</u>
Total	<u>\$ 3,369,204</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 7,242,096
Investments	<u>3,369,204</u>
Total	<u>\$ 10,611,300</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 10,533,314
Business-type activities	29,921
Private-purpose trust fund	6,823
Agency funds	<u>41,242</u>
Total	<u>\$ 10,611,300</u>

NOTE 5 - RECEIVABLES

Receivables at June 30, 2017 consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 6,496,645
Intergovernmental	375,229
Accounts	9,921
Accrued interest	7,804
Payments in lieu of taxes	<u>36,555</u>
Total	<u>\$ 6,926,154</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, 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 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6 - PROPERTY TAXES - (Continued)

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, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was \$1,695,018 in the general fund, \$368,206 in the bond retirement fund, \$22,315 in the classroom facilities fund and \$22,316 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2016 was \$1,733,435 in the general fund, \$343,791 in the bond retirement fund, \$22,919 in the classroom facilities fund and \$22,920 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 113,470,900	94.15	\$ 113,192,840	94.84
Public utility personal	<u>7,045,180</u>	<u>5.85</u>	<u>6,163,620</u>	<u>5.16</u>
Total	<u>\$ 120,516,080</u>	<u>100.00</u>	<u>\$ 119,356,460</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$60.05		\$60.90

NOTE 7 - 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance 06/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/17</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 706,175	\$ -	\$ -	\$ 706,175
Total capital assets, not being depreciated	<u>706,175</u>	<u>-</u>	<u>-</u>	<u>706,175</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,373,636	-	-	1,373,636
Buildings and improvements	39,688,212	-	-	39,688,212
Furniture and equipment	1,127,670	48,661	(17,999)	1,158,332
Vehicles	<u>1,104,319</u>	<u>6,498</u>	<u>-</u>	<u>1,110,817</u>
Total capital assets, being depreciated	<u>43,293,837</u>	<u>55,159</u>	<u>(17,999)</u>	<u>43,330,997</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(910,887)	(33,600)	-	(944,487)
Buildings and improvements	(7,552,395)	(758,408)	-	(8,310,803)
Furniture and equipment	(579,103)	(81,804)	7,800	(653,107)
Vehicles	<u>(709,794)</u>	<u>(33,349)</u>	<u>-</u>	<u>(743,143)</u>
Total accumulated depreciation	<u>(9,752,179)</u>	<u>(907,161)</u>	<u>7,800</u>	<u>(10,651,540)</u>
Governmental activities capital assets, net	<u>\$ 34,247,833</u>	<u>\$ (852,002)</u>	<u>\$ (10,199)</u>	<u>\$ 33,385,632</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 507,110
Special	66,510
Vocational	24,334
<u>Support services:</u>	
Pupil	13,267
Instructional staff	3,140
Administration	37,004
Fiscal	4,739
Business	22,349
Operations and maintenance	58,585
Pupil transportation	28,264
Extracurricular activities	45,513
Food service operations	<u>96,346</u>
Total depreciation expense	<u>\$ 907,161</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - INTERFUND TRANSACTIONS

- A.** Interfund transfers at June 30, 2017, consisted of the following, as reported on the fund financial statements:

<u>Transfer from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 161,497

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B.** Interfund balances at June 30, 2017 as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 161,336

The primary purpose of the due to/from other funds is to cover negative cash in various nonmajor governmental funds. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10 - LONG-TERM OBLIGATIONS

During the fiscal year 2017, the following changes occurred in governmental activities long-term obligations.

	<u>Balance</u> <u>07/01/16</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/17</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds					
School Improvement Bonds					
FY2007					
Serial Bonds 3.5-3.75%	\$ 390,000	\$ -	\$ (390,000)	\$ -	\$ -
School Improvement Refunding					
Bonds FY2013					
Serial Bonds 1-3.5%	7,685,000	-	(185,000)	7,500,000	185,000
Capital Appreciation Bonds					
24.28-25.92%	240,000	-	-	240,000	-
Accreted Interest	248,864	128,851	-	377,715	-
School Improvement Refunding					
Bonds FY2014					
Serial Bonds 1.0-2.25%	1,880,000	-	(50,000)	1,830,000	150,000
Capital Appreciation Bonds 93.12%	19,999	-	-	19,999	19,999
Accreted Interest	79,833	110,363	-	190,196	190,196
Total General Obligation Bonds	<u>10,543,696</u>	<u>239,214</u>	<u>(625,000)</u>	<u>10,157,910</u>	<u>545,195</u>
Net Pension Liability	20,803,210	3,378,487	-	24,181,697	-
Compensated Absences	<u>1,134,073</u>	<u>141,292</u>	<u>(170,661)</u>	<u>1,104,704</u>	<u>156,839</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$ 32,480,979</u>	<u>\$ 3,758,993</u>	<u>\$ (795,661)</u>	<u>\$ 35,444,311</u>	<u>\$ 702,034</u>
				Add: Unamortized Premium	1,664,731
				Total on Statement of Net Position	<u>\$ 37,109,042</u>

FY2007 School Improvement Bonds - On December 19, 2006, the School District issued general obligation bonds, in the amount of \$13,150,000, for the renovation of an elementary school and renovation/addition to the high school. The bond issue included serial and term bonds, in the original amount of \$3,230,000 and \$9,920,000, respectively. The bonds were issued for a twenty-seven fiscal year period, with maturity in fiscal year 2034. The bonds are being retired through the Bond Retirement debt service fund. During fiscal year 2013, \$8,310,000 of the bonds were refunded. During fiscal year 2014, a portion of the bonds were refunded, in the amount of \$2,015,000.

FY2013 School Improvement Refunding Bonds - On May 16, 2013, the School District issued general obligation bonds, in the amount of \$8,310,000, to partially refund bonds previously issued in fiscal year 2007 for the renovation of an elementary school and renovation/addition to the high school. The refunding bond issue includes serial and capital appreciation bonds, in the amount of \$8,070,000 and \$240,000, respectively. The bonds were issued at a premium of \$1,594,156. The bonds were issued for a nineteen year period, with final maturity in fiscal year 2032. The bonds are being retired through the Bond Retirement debt service fund (a nonmajor governmental fund).

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The net proceeds of the refunding bond issue, in the amount of \$9,776,979, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the FY2007 School Improvement bonds. As a result, \$8,310,000 of the FY2007 School Improvement bonds are considered to be defeased and the liability for the bonds has been removed from the School District's financial statements.

The refunding resulted in a deferred outflow of \$1,466,979.

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2021 through 2023. The par value of the capital appreciation bonds is \$240,000 and the maturity amount of the bonds is \$2,145,000. For fiscal year 2017, \$128,851 was accreted on the capital appreciation bonds for a total value of \$617,715 at fiscal year-end.

FY2014 School Improvement Refunding Bonds - On May 8, 2014, the School District issued general obligation bonds, in the amount of \$2,014,999, to partially refund bonds previously issued in fiscal year 2007 for the renovation of an elementary school and renovation/addition to the high school. The refunding bond issue includes serial and capital appreciation bonds, in the amount of \$1,995,000 and \$19,999, respectively. The bonds were issued at a premium of \$312,317. The bonds were issued for an eight year period, with final maturity in fiscal year 2022. The bonds are being retired through the Bond Retirement debt service fund.

The net proceeds of the refunding bond issue, in the amount of \$2,267,418, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the FY2007 School Improvement bonds. As a result, \$2,015,000 of the FY2007 School Improvement bonds are considered to be defeased and the liability for the bonds has been removed from the School District's financial statements.

Although the refunding will result in a deferred outflow of \$172,907, the School District in effect decreased its aggregate debt service payments by \$60,834 over the next nine years and obtained an economic gain (difference between present values of the old and new debt service payments) of \$60,710.

The capital appreciation bonds will mature in fiscal year 2018. The par value of the capital appreciation bonds is \$19,999 and the maturity amount of the bonds is \$305,000. For fiscal year 2017, \$110,363 was accreted on the capital appreciation bonds for a total value of \$210,195 at fiscal year-end.

Compensated absences will be paid from the general fund and the food service special revenue fund.

See Note 14 for detail on the net pension liability.

The School District's overall debt margin was \$2,422,939 with an unvoted debt margin of \$119,356 at June 30, 2017.

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2017, were as follows:

Fiscal Year	FY2013 General Obligation Bonds			FY2013 Capital Appreciation Bonds			
	Ending June 30,	Principal	Interest	Total	Principal	Accretion	Total
2018	\$	185,000	\$ 205,067	\$ 390,067	\$ -	\$ -	\$ -
2019		190,000	202,255	392,255	-	-	-
2020		220,000	198,630	418,630	-	-	-
2021		-	196,430	196,430	35,000	185,000	220,000
2022		-	196,430	196,430	60,000	365,000	425,000
2023 - 2027		2,355,000	904,210	3,259,210	145,000	1,355,000	1,500,000
2028 - 2032		4,550,000	395,920	4,945,920	-	-	-
Total	\$	<u>7,500,000</u>	<u>\$ 2,298,942</u>	<u>\$ 9,798,942</u>	<u>\$ 240,000</u>	<u>\$ 1,905,000</u>	<u>\$ 2,145,000</u>

Fiscal Year	FY2014 General Obligation Bonds			FY2014 Capital Appreciation Bonds			
	Ending June 30,	Principal	Interest	Total	Principal	Accretion	Total
2018	\$	150,000	\$ 38,358	\$ 188,358	\$ 19,999	\$ 285,001	\$ 305,000
2019		455,000	35,358	490,358	-	-	-
2020		465,000	26,258	491,258	-	-	-
2021		475,000	16,957	491,957	-	-	-
2022		285,000	6,270	291,270	-	-	-
Total	\$	<u>1,830,000</u>	<u>\$ 123,201</u>	<u>\$ 1,953,201</u>	<u>\$ 19,999</u>	<u>\$ 285,001</u>	<u>\$ 305,000</u>

NOTE 11 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,469,763
Net adjustment for revenue accruals	(42,753)
Net adjustment for expenditure accruals	101,175
Net adjustment for other sources/uses	(43,090)
Funds budgeted elsewhere	6,529
Adjustment for encumbrances	484,718
GAAP basis	<u>\$ 1,976,342</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the class play fund, the underground storage tank fund, and the public school support fund.

NOTE 12 - SET-ASIDES

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, 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 year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - SET-ASIDES - (Continued)

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2016	\$ -
Current year set-aside requirement	234,033
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(120,094)
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>(113,939)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>
Set-aside balance June 30, 2017	<u>\$ -</u>

During fiscal year 2007, the District issued \$13,150,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to \$0 for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$12,921,225 at June 30, 2017.

NOTE 13 - RISK MANAGEMENT

A. Ohio School Plan

The School District belongs to the Ohio School Plan (the “Plan”), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator’s legal liability, automobile and violence coverages, modified for each member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s specific deductible.

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - RISK MANAGEMENT - (Continued)

The Plan issues its own policies and reinsures the Plan with reinsurances carriers. Only if the Plan’s paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims. (See the Plan’s audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan’s audited financial statements conform with GAAP and reported the following assets, liabilities and retained earnings at December 31, 2016, 2015 and 2014 (latest information available):

	2016	2015	2014
Assets	\$ 10,507,059	\$ 9,313,853	\$ 7,974,679
Liabilities	3,853,671	3,956,512	2,780,801
Net Position	6,653,388	5,357,341	5,193,878

You can read the complete audited financial statements for The Ohio School Plan at the Plan’s website, www.ohioschoolplan.org under “Financials”.

Coverages provided to the School District through the Plan are as follows:

- Buildings and Contents - replacement cost \$65,518,130
- Auto Liability 1,000,000
- General Liability
 - Each Occurrence 4,000,000
 - Aggregate 6,000,000

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.

B. Worker’s Compensation

For fiscal year 2017, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - RISK MANAGEMENT - (Continued)

C. Medical Insurance

The School District offers medical and drug insurance to all employees through a self-insured program through the self-insurance internal service fund. The School District purchased stop loss insurance for claims in excess of \$100,000 per individual. The School District has reinsurance for claims above \$100,000, with a capped maximum of \$1,000,000. 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, 2017, was estimated by the third party administrator at \$181,677.

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

		Balance at Beginning <u>of Year</u>	Current <u>Year Claims</u>	<u>Claim Payments</u>	Balance at <u>End of Year</u>
2017	\$	125,526	\$ 1,856,506	\$ (1,800,355)	\$ 181,677
2016		80,919	1,389,779	(1,345,172)	125,526

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts 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, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$303,891 for fiscal year 2017. Of this amount, \$11,623 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$843,406 for fiscal year 2017. Of this amount, \$130,680 is reported as pension and postemployment benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.06672950%	0.06149551%	
Proportion of the net pension liability current measurement date	0.06674380%	0.05764843%	
Change in proportionate share	0.00001430%	-0.00384708%	
Proportionate share of the net pension liability	\$ 4,885,030	\$ 19,296,667	\$ 24,181,697
Pension expense	\$ 619,412	\$ 1,128,341	\$ 1,747,753

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 65,887	\$ 779,679	\$ 845,566
Net difference between projected and actual earnings on pension plan investments	402,943	1,602,142	2,005,085
Changes of assumptions	326,102	-	326,102
Difference between District contributions and proportionate share of contributions/ change in proportionate share	162,220	-	162,220
District contributions subsequent to the measurement date	<u>303,891</u>	<u>843,406</u>	<u>1,147,297</u>
Total deferred outflows of resources	<u><u>\$ 1,261,043</u></u>	<u><u>\$ 3,225,227</u></u>	<u><u>\$ 4,486,270</u></u>
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	<u>\$ -</u>	<u>\$ 988,744</u>	<u>\$ 988,744</u>
Total deferred inflows of resources	<u><u>\$ -</u></u>	<u><u>\$ 988,744</u></u>	<u><u>\$ 988,744</u></u>

\$1,147,297 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2018	\$ 275,063	\$ 118,672	\$ 393,735
2019	274,772	118,672	393,444
2020	291,487	733,461	1,024,948
2021	<u>115,830</u>	<u>422,272</u>	<u>538,102</u>
Total	<u><u>\$ 957,152</u></u>	<u><u>\$ 1,393,077</u></u>	<u><u>\$ 2,350,229</u></u>

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
 Total	 <u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$ 6,467,476	\$ 4,885,030	\$ 3,560,458

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
 Total	 <u>100.00 %</u>	 <u>7.61 %</u>

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 25,643,703	\$ 19,296,667	\$ 13,942,569

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to District's NPL is expected to be significant.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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, number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the District's surcharge obligation was \$36,088.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$36,088, \$33,743, and \$45,752, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

Funding Policy - Ohio law 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 16 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

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

B. Health Care Benefits

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

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association (NWOCA)

Northwest Ohio Computer Association (NWOCA)

NWOCA is an association of educational entities, primarily school districts, located in Crawford, Defiance, Fulton, Henry, Lucas, Williams and Wood 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 members. NWOCA is governed by its participating members, which consists of a representative from each member entity. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

C. Metropolitan Educational Council

The Metropolitan Education Council (MEC) is a purchasing cooperative made up of one-hundred-ninety-three school districts, libraries, and related agencies in fifty-two counties. The purpose of the MEC is to obtain prices for quality merchandise and services commonly used by the participants. The governing board of the MEC consists of one representative from each participant. All participants must pay all fees, charges, or other assessments as established by the MEC.

NOTE 18 - 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.

B. Ohio School Plan

The School District participates in the Ohio School Plan (the "Plan"), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of Hylant Group, Inc. Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

NOTE 19 - 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 are 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, 2017.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 19 - CONTINGENCIES - (Continued)

B. Litigation

The District is currently involved in litigation; however, the outcome of this litigation is uncertain. The District does not anticipate that this litigation will have a material financial impact on the District and losses could potentially be paid through the District's liability insurance.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 20 - OTHER COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 482,369
Other nonmajor governmental funds	<u>83,211</u>
Total	<u>\$ 565,580</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.06674380%	0.06672950%	0.06052200%	0.06052200%
District's proportionate share of the net pension liability	\$ 4,885,030	\$ 3,807,650	\$ 3,062,984	\$ 3,599,049
District's covered-employee payroll	\$ 2,068,814	\$ 2,008,847	\$ 1,758,636	\$ 1,448,049
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	236.13%	189.54%	174.17%	248.54%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.05764843%	0.61495510%	0.06228956%	0.06228956%
District's proportionate share of the net pension liability	\$ 19,296,667	\$ 16,995,560	\$ 15,150,977	\$ 18,047,744
District's covered-employee payroll	\$ 6,237,971	\$ 6,429,671	\$ 6,364,469	\$ 6,162,846
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	309.34%	264.33%	238.06%	292.85%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 303,891	\$ 289,634	\$ 264,766	\$ 243,747	\$ 200,410
Contributions in relation to the contractually required contribution	<u>(303,891)</u>	<u>(289,634)</u>	<u>(264,766)</u>	<u>(243,747)</u>	<u>(200,410)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,170,650	\$ 2,068,814	\$ 2,008,847	\$ 1,758,636	\$ 1,448,049
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%	13.84%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 248,468	\$ 237,800	\$ 227,857	\$ 176,925	\$ 176,925
<u>(248,468)</u>	<u>(237,800)</u>	<u>(227,857)</u>	<u>(176,925)</u>	<u>(176,925)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,847,346	\$ 1,891,806	\$ 1,682,843	\$ 1,798,018	\$ 1,801,680
13.45%	12.57%	13.54%	9.84%	9.82%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 843,406	\$ 873,316	\$ 900,154	\$ 827,381	\$ 801,170
Contributions in relation to the contractually required contribution	<u>(843,406)</u>	<u>(873,316)</u>	<u>(900,154)</u>	<u>(827,381)</u>	<u>(801,170)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,024,329	\$ 6,237,971	\$ 6,429,671	\$ 6,364,469	\$ 6,162,846
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 919,982	\$ 918,789	\$ 865,305	\$ 895,860	\$ 885,024
<u>(919,982)</u>	<u>(918,789)</u>	<u>(865,305)</u>	<u>(895,860)</u>	<u>(885,024)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,076,785	\$ 7,067,608	\$ 6,656,192	\$ 6,891,231	\$ 6,807,877
13.00%	13.00%	13.00%	13.00%	13.00%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2017. See the notes to the basic financials for the methods and assumptions in this calculation.

SUPPLEMENTARY INFORMATION

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**BUCYRUS CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
<i>Child Nutrition Cluster:</i>			
(D) (E) School Breakfast Program	10.553	2017	\$ 208,225
(D) (E) National School Lunch Program	10.555	2017	420,395
(C) (D) National School Lunch Program - Food Donation	10.555	2017	87,849
Total National School Lunch Program			508,244
(D) (E) Summer Food Service Program for Children	10.559	2017	48,584
Total Child Nutrition Cluster			765,053
Child and Adult Care Food Program	10.558	2017	16,411
Team Nutrition Grants	10.574	2017	47,229
Total U.S. Department of Agriculture			828,693
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	2017	458,868
Title I Grants to Local Educational Agencies	84.010	2016	71,830
Total Title I Grants to Local Educational Agencies			530,698
<i>Special Education Grant Cluster:</i>			
(F) Special Education_Grants to States	84.027	2017	319,488
(F) Special Education_Grants to States	84.027	2016	20,182
Total Special Education _Grants to States			339,670
(F) Special Education_Preschool Grants	84.173	2017	8,673
(F) Special Education_Preschool Grants	84.173	2016	606
Total Special Educations_Preschool Grants			9,279
Total Special Education Grant Cluster			348,949
Rural Education	84.358	2017	22,033
Rural Education	84.358	2016	3,917
Total Rural Education			25,950
Improving Teacher Quality State Grants	84.367	2017	81,401
Improving Teacher Quality State Grants	84.367	2016	10,127
Total Improving Teacher Quality State Grants			91,528
Twenty-First Century Community Learning Center:	84.287	2017	114,888
Twenty-First Century Community Learning Center:	84.287	2016	190,868
Total Twenty-First Century Community Learning Centers			305,756
Total U.S. Department of Education			1,302,881
Total Federal Financial Assistance			\$ 2,131,574

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass-through numbers for fiscal year 2017
- (B) This schedule includes the federal award activity of the Bucyrus City School District under programs of the federal government for the fiscal year ended June 30, 2017 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Bucyrus City School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Bucyrus City School District.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value
- (D) Included as part of "Child Nutrition Cluster" in determining major programs
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis
- (F) Included as part of "Special Education Grant Cluster" in determining major programs
- (G) CFR 200.414 allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has not elected to use the 10% de minimis indirect cost rate.

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bucyrus City School District, Crawford County, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Bucyrus City School District's basic financial statements and have issued our report thereon dated November 15, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Bucyrus City School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Education
Bucyrus City School District

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
November 15, 2017



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Bucyrus City School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Bucyrus City School District's major federal program for the fiscal year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Bucyrus City School District's major federal program.

Management's Responsibility

The Bucyrus City School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Bucyrus City School District's compliance for the Bucyrus City School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bucyrus City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Board of Education
Bucyrus City School District

Opinion on the Major Federal Program

In our opinion, the Bucyrus City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
November 15, 2017

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Child Nutrition Grant Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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Dave Yost • Auditor of State

BUCYRUS CITY SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 26, 2017**