

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

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2008**

**THERESA JOHNSON, TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Bucyrus City School District  
117 East Main 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, 2007 through June 30, 2008. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 4, 2009

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

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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

Board of Education  
Bucyrus City School District  
117 East Mansfield Street  
Bucyrus, Ohio 44820

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bucyrus City School District, Crawford County as of and for the fiscal year ended June 30, 2008, which collectively comprise Bucyrus City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bucyrus City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

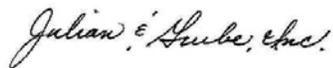
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bucyrus City School District, Crawford County, Ohio, as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2008, on our consideration of Bucyrus City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report  
Bucyrus City School District  
Page Two

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Julian & Grube, Inc.  
December 26, 2008

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The management's discussion and analysis of the Bucyrus City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets of governmental activities increased \$1,285,649 which represents a 3.69% increase from 2007.
- General revenues accounted for \$14,805,410 in revenue or 78.72% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,001,221 or 21.28% of total revenues of \$18,806,631.
- The District had \$17,520,982 in expenses related to governmental activities; only \$4,001,221 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,805,410 were adequate to provide for these programs.
- The District's two major governmental funds are the general fund and the classroom facilities fund. The general fund had \$14,271,353 in revenues and \$14,196,400 in expenditures and other financing uses. During fiscal year 2008, the general fund's fund balance increased \$74,953 from \$5,982,245 to \$6,057,198.
- The classroom facilities fund had \$17,844,061 in revenues and \$3,199,014 in expenditures and other financing uses. During fiscal year 2008, the classroom facilities fund's fund balance increased to \$26,016,908.

**Using the Basic Financial Statements (BFS)**

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 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 assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* 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 District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

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

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

*Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

*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. These notes to the basic financial statements can be found on pages 22-49 of this report.

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2008 and June 30, 2007.

	<b>Net Assets</b>	
	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 50,436,816	\$ 52,606,482
Capital assets, net	<u>5,981,737</u>	<u>3,389,422</u>
Total assets	<u>56,418,553</u>	<u>55,995,904</u>
<b><u>Liabilities</u></b>		
Current liabilities	5,833,209	6,495,710
Long-term liabilities	<u>14,473,250</u>	<u>14,673,749</u>
Total liabilities	<u>20,306,459</u>	<u>21,169,459</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	4,455,984	2,356,588
Restricted	26,007,560	31,601,846
Unrestricted	<u>5,648,550</u>	<u>868,011</u>
Total net assets	<u>\$ 36,112,094</u>	<u>\$ 34,826,445</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$36,112,094. Of this total, \$5,648,550 is unrestricted in use.

At year-end, capital assets represented 10.60% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$4,455,984. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

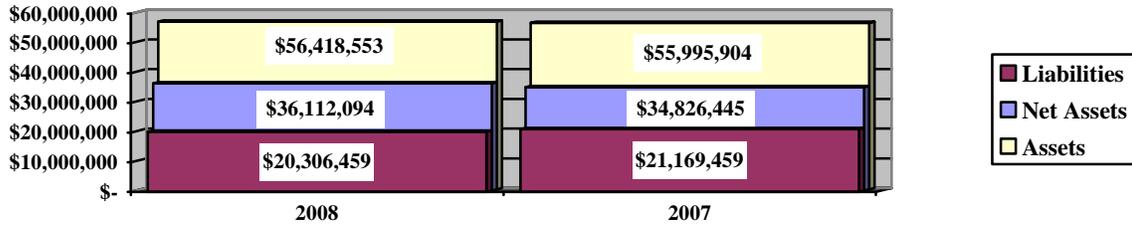
A portion of the District's net assets, \$26,007,560, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$5,648,550 may be used to meet the District's ongoing obligations to the students and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The graph below provides a summary of the District's net assets for 2008 and 2007.

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2008 and 2007.

**Change in Net Assets**

	Governmental Activities 2008	Governmental Activities 2007
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 928,907	\$ 1,052,519
Operating grants and contributions	3,069,085	3,680,577
Capital grants	3,229	2,986
General revenues:		
Property taxes	5,530,776	6,680,857
Grants and entitlements	8,201,053	32,379,402
Investment earnings	1,012,596	949,466
Miscellaneous	60,985	129,550
Total revenues	<u>18,806,631</u>	<u>44,875,357</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**Change in Net Assets**

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 5,618,004	\$ 5,882,864
Special	2,081,468	1,972,994
Vocational	193,866	200,065
Other	1,250,301	955,070
Support services:		
Pupil	1,084,053	1,029,652
Instructional staff	1,277,703	1,256,417
Board of education	124,072	84,987
Administration	1,474,865	1,433,359
Fiscal	491,980	442,296
Business	111,374	103,339
Operations and maintenance	1,097,294	1,817,489
Pupil transportation	322,465	257,372
Central	225,361	243,436
Operation of non-instructional services:		
Other non-instructional services	53,072	58,621
Food service operations	1,029,647	1,014,066
Extracurricular activities	455,983	446,117
Intergovernmental pass through	43,166	53,223
Interest and fiscal charges	<u>586,308</u>	<u>586,495</u>
Total expenses	<u>17,520,982</u>	<u>17,837,862</u>
Change in net assets	1,285,649	27,037,495
Net assets at beginning of year	<u>34,826,445</u>	<u>7,788,950</u>
Net assets at end of year	<u>\$ 36,112,094</u>	<u>\$ 34,826,445</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$1,285,649. Total governmental expenses of \$17,520,982 were offset by program revenues of \$4,001,221 and general revenues of \$14,805,410. Program revenues supported 22.84% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent \$13,731,829 or 73.02% of total governmental revenue. The reason for the significant decrease in grants and entitlements is due to the collection of grants in fiscal year 2007 for a construction. Real estate property is reappraised every six years.

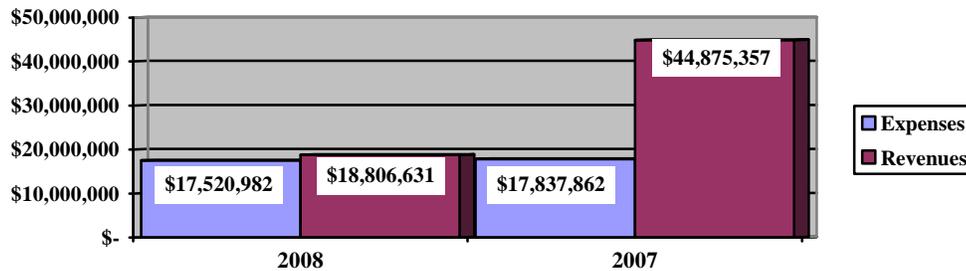
The largest expense of the District is for instructional programs. Instruction expenses totaled \$9,143,639 or 52.19% of total governmental expenses for fiscal year 2008.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2008 and 2007.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

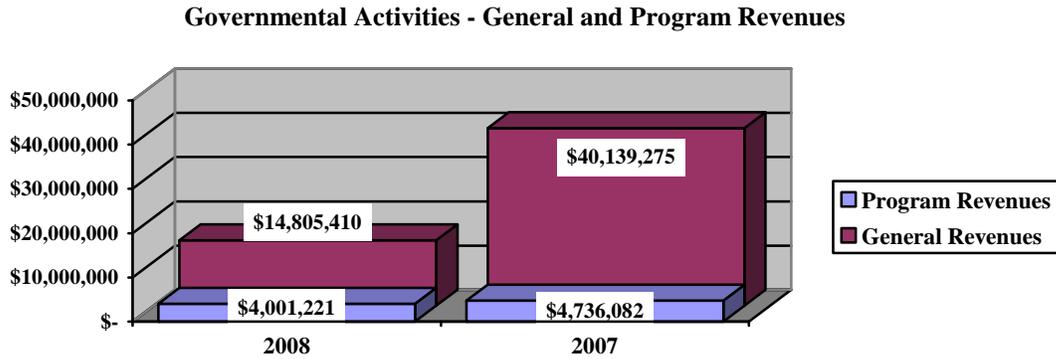
	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 5,618,004	\$ 4,922,264	\$ 5,882,864	\$ 5,105,835
Special	2,081,468	561,692	1,972,994	447,798
Vocational	193,866	155,404	200,065	169,569
Other	1,250,301	1,194,131	955,070	887,184
Support services:				
Pupil	1,084,053	917,152	1,029,652	589,734
Instructional staff	1,277,703	1,045,308	1,256,417	806,136
Board of education	124,072	124,072	84,987	84,987
Administration	1,474,865	1,470,051	1,433,359	1,403,800
Fiscal	491,980	448,900	442,296	442,296
Business	111,374	111,374	103,339	103,339
Operations and maintenance	1,097,294	1,092,355	1,817,489	1,782,225
Pupil transportation	322,465	264,131	257,372	165,003
Central	225,361	159,431	243,436	114,679
Operations of non-instructional services:				
Other non-instructional services	53,072	43,640	58,621	42,633
Food service operations	1,029,647	126,183	1,014,066	109,333
Extracurricular activities	455,983	297,281	446,117	251,547
Intergovernmental pass through	43,166	84	53,223	9,187
Interest and fiscal charges	586,308	586,308	586,495	586,495
<b>Total expenses</b>	<u>\$ 17,520,982</u>	<u>\$ 13,519,761</u>	<u>\$ 17,837,862</u>	<u>\$ 13,101,780</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The dependence upon tax and other general revenues for governmental activities is apparent, 74.73% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 77.16%. The District's taxpayers and grants and entitlements, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2008 and 2007.



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$37,776,826, which is higher than last year's total of \$21,552,315. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	<u>Fund Balance June 30, 2008</u>	<u>Fund Balance June 30, 2007</u>	<u>Increase</u>
General	\$ 6,057,198	\$ 5,982,245	\$ 74,953
Classroom Facilities	26,016,908	11,371,861	14,645,047
Other Governmental	<u>5,702,720</u>	<u>4,198,209</u>	<u>1,504,511</u>
Total	<u>\$37,776,826</u>	<u>\$ 21,552,315</u>	<u>\$ 16,224,511</u>

**General Fund**

The District's general fund balance increased \$74,953. The increase in fund balance can be attributed to increasing revenues exceeding slightly decreasing expenditures.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 4,528,886	\$ 5,519,600	\$ (990,714)	(17.95) %
Tuition	369,858	431,501	(61,643)	(14.29) %
Earnings on investments	334,885	475,318	(140,433)	(29.55) %
Intergovernmental	8,925,931	8,568,658	357,273	4.17 %
Other revenues	<u>111,793</u>	<u>156,015</u>	<u>(44,222)</u>	<u>(28.34) %</u>
Total	<u>\$ 14,271,353</u>	<u>\$ 15,151,092</u>	<u>\$ (879,739)</u>	<u>(5.81) %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 7,893,246	\$ 7,820,838	\$ 72,408	0.93 %
Support services	5,120,752	4,953,515	167,237	3.38 %
Operation of non-instructional services	48,116	41,039	7,077	17.24 %
Extracurricular activities	301,558	260,735	40,823	15.66 %
Facilities Acquisition and Construction	-	4,427	(4,427)	(100.00) %
Debt service	<u>16,245</u>	<u>22,634</u>	<u>(6,389)</u>	<u>(28.23) %</u>
Total	<u>\$ 13,379,917</u>	<u>\$ 13,103,188</u>	<u>\$ 276,729</u>	<u>2.11 %</u>

Overall revenues of the general fund decreased \$879,739 or 5.81%. The tax revenue decrease of \$990,714 or 17.95% is primarily due to the decreased cash receipts of approximately \$655,000 as a result of the phase-out of the tangible personal property tax. The most significant increase is in the area of intergovernmental revenues. Intergovernmental revenues increased \$357,273 or 4.17% due to foundation settlement payments and the hold harmless direct reimbursement payments from the loss of tangible personal property taxes. Earnings on investments decreased \$140,433 or 29.55%. This decrease can be attributed to the District transferring the interest earning revenue in the general fund to the building fund as it was revenue intended to finance construction projects not funded by OSFC. During fiscal year 2008, the District waived the student drug testing fee which was collected in other revenues and amounted to about \$22,000.

Expenditures of the general fund increased \$276,729 or 2.11%. The largest expenditure of the general fund, instructional, increased \$72,408 or 0.93%. The increase of \$167,237 in the area of support services is the result of increased costs for special education students and payments to Mid-Ohio ESC for teaching aids. The decrease in facilities acquisition and construction is the result of roof repairs done by the District during fiscal year 2007.

***Classroom Facilities Fund***

The classroom facilities fund had \$17,844,061 in revenues and \$3,199,014 in expenditures and other financing uses. During fiscal year 2008, the classroom facilities fund's fund balance increased to \$26,016,908. The increase in the classroom facilities fund is primarily due to the District receiving more intergovernmental state revenue for the funding of the OSFC project.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2008, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$14,318,462, which was decreased from the original budget estimate of \$14,688,527. Actual revenues and other financing sources for fiscal year 2008 were \$14,568,174. This represents a \$249,712 increase over final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$15,507,087 were decreased to \$15,500,887 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$14,644,864, which was \$856,023 less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2008, the District had \$5,981,737 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2008 balances compared to the balance of 2007:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 94,258	\$ 94,258
Construction in progress	2,789,574	-
Land improvements	238,779	282,256
Building and improvements	2,528,829	2,658,120
Furniture and equipment	217,167	277,233
Vehicles	<u>113,130</u>	<u>77,555</u>
<b>Total</b>	<b><u>\$ 5,981,737</u></b>	<b><u>\$ 3,389,422</u></b>

The District acquired \$2,850,766 in capital assets during fiscal year 2008 including construction in progress. The overall increase in capital assets of \$2,592,315 is due to the recording of these additions exceeding the \$258,451 in depreciation expense for fiscal year 2008.

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

***Debt Administration***

At June 30, 2008, the District had \$12,927,780 in general obligation bonds and capital lease obligations outstanding. Of this total, \$201,176 is due within one year and \$12,726,604 is due within greater than one year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The following table summarizes the general obligation bonds and capital lease obligations outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
General obligation bonds	\$ 12,910,000	\$ 13,150,000
Capital lease obligations	<u>17,780</u>	<u>32,110</u>
	<u>\$ 12,927,780</u>	<u>\$ 13,182,110</u>

At June 30, 2008, the District's overall legal debt margin was \$1,000,867 with an unvoted debt margin of \$147,518.

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

**Current Financial Related Activities**

The District faces many upcoming challenges. The District relies heavily on the state foundation, property tax receipts and grant entitlements. Since future entitlement revenue is expected to decrease along with tangible personal property tax receipts, the District placed a full 1 mil permanent improvement levy on the August 8, 2006 along with the 5.55 mil levy for the Ohio School Facilities Commission building project. The bond issue passed on the August 8<sup>th</sup> election 54% to 46%. The overall consensus of the community was to currently make necessary repairs to our facilities and to renovate and add to our current high school and middle school sites. The current middle school site will become an elementary (PK-5) and the High School will be a (6-12) building.

The District passed a \$1,575,000 Emergency renewal on the May 8, 2007 election.

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Theresa Johnson, Treasurer, Bucyrus City School District, 117 E. Mansfield Street, Bucyrus, Ohio 44820-1525.

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2008

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 23,446,436
Cash in segregated accounts . . . . .	8,167
Investments . . . . .	14,051,935
Receivables:	
Taxes . . . . .	6,492,189
Accounts . . . . .	4,000
Intergovernmental . . . . .	6,115,935
Accrued interest . . . . .	72,013
Prepayments . . . . .	20,570
Materials and supplies inventory . . . . .	10,333
Unamortized bond issuance costs. . . . .	215,238
Capital assets:	
Land . . . . .	94,258
Construction in progress . . . . .	2,789,574
Depreciable capital assets, net . . . . .	3,097,905
Total capital assets . . . . .	5,981,737
 Total assets. . . . .	 56,418,553
 <b>Liabilities:</b>	
Accounts payable. . . . .	60,326
Contracts payable. . . . .	28,661
Retainage payable. . . . .	8,167
Accrued wages and benefits . . . . .	1,403,044
Pension obligation payable. . . . .	332,544
Intergovernmental payable . . . . .	186,359
Unearned revenue . . . . .	3,767,221
Accrued interest payable . . . . .	46,887
Long-term liabilities:	
Due within one year. . . . .	412,480
Due in more than one year . . . . .	14,060,770
 Total liabilities . . . . .	 20,306,459
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	4,455,984
Restricted for:	
Debt service. . . . .	663,012
Capital projects . . . . .	24,825,081
Classroom facilities maintenance. . . . .	141,307
Locally funded programs . . . . .	2,913
State funded programs . . . . .	36,394
Federally funded programs . . . . .	101,369
Student activities . . . . .	80,189
Other purposes . . . . .	157,295
Unrestricted. . . . .	5,648,550
 Total net assets . . . . .	 \$ 36,112,094

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental activities:</b>						
Instruction:						
Regular . . . . .	\$ 5,618,004	\$ 406,394	\$ 289,346	\$ -	\$ (4,922,264)	
Special . . . . .	2,081,468	25,543	1,494,233	-	(561,692)	
Vocational . . . . .	193,866	-	38,462	-	(155,404)	
Other . . . . .	1,250,301	-	56,170	-	(1,194,131)	
Support services:						
Pupil . . . . .	1,084,053	-	166,901	-	(917,152)	
Instructional staff . . . . .	1,277,703	-	232,395	-	(1,045,308)	
Board of education. . . . .	124,072	-	-	-	(124,072)	
Administration. . . . .	1,474,865	-	4,814	-	(1,470,051)	
Fiscal . . . . .	491,980	-	43,080	-	(448,900)	
Business. . . . .	111,374	-	-	-	(111,374)	
Operations and maintenance . . . . .	1,097,294	3,484	788	667	(1,092,355)	
Pupil transportation . . . . .	322,465	-	55,772	2,562	(264,131)	
Central . . . . .	225,361	-	65,930	-	(159,431)	
Operation of non-instructional services:						
Other non-instructional services. . . . .	53,072	-	9,432	-	(43,640)	
Food service operations. . . . .	1,029,647	357,718	545,746	-	(126,183)	
Extracurricular activities . . . . .	455,983	135,768	22,934	-	(297,281)	
Intergovernmental pass through. . . . .	43,166	-	43,082	-	(84)	
Interest and fiscal charges . . . . .	586,308	-	-	-	(586,308)	
<b>Totals . . . . .</b>	<b>\$ 17,520,982</b>	<b>\$ 928,907</b>	<b>\$ 3,069,085</b>	<b>\$ 3,229</b>	<b>(13,519,761)</b>	

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	4,613,787
Debt service. . . . .	787,257
Capital projects . . . . .	64,866
Classroom facilities maintenance. . . . .	64,866
Grants and entitlements not restricted to specific programs . . . . .	
Investment earnings . . . . .	8,201,053
Miscellaneous . . . . .	1,012,596
	60,985
<b>Total general revenues . . . . .</b>	<b>14,805,410</b>
Change in net assets . . . . .	1,285,649
<b>Net assets at beginning of year . . . . .</b>	<b>34,826,445</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 36,112,094</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 5,822,994	\$ 15,693,837	\$ 1,787,142	\$ 23,303,973
Cash in segregated accounts . . . . .	-	8,167	-	8,167
Investments. . . . .	-	10,351,732	3,700,203	14,051,935
Receivables:				
Taxes. . . . .	5,469,593	-	1,022,596	6,492,189
Accounts . . . . .	4,000	-	-	4,000
Intergovernmental. . . . .	-	5,920,209	195,726	6,115,935
Accrued interest. . . . .	3,504	47,727	20,782	72,013
Prepayments . . . . .	20,570	-	-	20,570
Materials and supplies inventory. . . . .	-	-	10,333	10,333
Restricted assets:				
Equity in pooled cash and cash equivalents. . . . .	142,463	-	-	142,463
Total assets . . . . .	<u>\$ 11,463,124</u>	<u>\$ 32,021,672</u>	<u>\$ 6,736,782</u>	<u>\$ 50,221,578</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 33,515	\$ -	\$ 26,811	\$ 60,326
Contracts payable. . . . .	-	28,661	-	28,661
Retainage payable. . . . .	-	8,167	-	8,167
Accrued wages and benefits . . . . .	1,189,913	-	213,131	1,403,044
Compensated absences payable. . . . .	44,443	-	11,246	55,689
Pension obligation payable . . . . .	281,609	-	50,935	332,544
Intergovernmental payable . . . . .	132,243	-	54,116	186,359
Deferred revenue . . . . .	525,453	5,967,936	109,352	6,602,741
Unearned revenue. . . . .	3,198,750	-	568,471	3,767,221
Total liabilities . . . . .	<u>5,405,926</u>	<u>6,004,764</u>	<u>1,034,062</u>	<u>12,444,752</u>
<b>Fund Balances:</b>				
Reserved for encumbrances. . . . .	196,403	807,919	350,757	1,355,079
Reserved for materials and supplies inventory . . . . .	-	-	10,333	10,333
Reserved for property tax unavailable for appropriation. . . . .	1,745,390	-	365,529	2,110,919
Reserved for prepayments. . . . .	20,570	-	-	20,570
Reserved for debt service . . . . .	-	-	319,972	319,972
Reserved for BWC refunds . . . . .	69,721	-	-	69,721
Reserved for school bus purchase. . . . .	72,742	-	-	72,742
Unreserved, undesignated, reported in:				
General fund. . . . .	3,952,372	-	-	3,952,372
Special revenue funds . . . . .	-	-	228,757	228,757
Capital projects funds . . . . .	-	25,208,989	4,427,372	29,636,361
Total fund balances. . . . .	<u>6,057,198</u>	<u>26,016,908</u>	<u>5,702,720</u>	<u>37,776,826</u>
Total liabilities and fund balances . . . . .	<u>\$ 11,463,124</u>	<u>\$ 32,021,672</u>	<u>\$ 6,736,782</u>	<u>\$ 50,221,578</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2008

<b>Total governmental fund balances</b>		\$ 37,776,826
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,981,737
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 614,049	
Intergovernmental receivable	5,920,209	
Accrued interest receivable	68,483	
Total		6,602,741
Unamortized premiums on bond issuance are not recognized in the funds.		(551,422)
Unamortized bond issuance costs are not recognized in the funds.		215,238
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(46,887)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(938,359)	
General obligation bonds payable	(12,910,000)	
Capital lease obligation payable	(17,780)	
Total		(13,866,139)
<b>Net assets of governmental activities</b>		<b>\$ 36,112,094</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 4,528,886	\$ -	\$ 902,866	\$ 5,431,752
Tuition. . . . .	369,858	-	14,755	384,613
Charges for services. . . . .	-	-	357,397	357,397
Earnings on investments. . . . .	334,885	616,718	152,594	1,104,197
Extracurricular. . . . .	-	-	108,136	108,136
Classroom materials and fees. . . . .	47,487	-	-	47,487
Other local revenues . . . . .	85,132	350	51,029	136,511
Intergovernmental - intermediate. . . . .	70,723	-	-	70,723
Intergovernmental - state . . . . .	8,834,382	17,226,993	479,408	26,540,783
Intergovernmental - federal. . . . .	-	-	2,345,770	2,345,770
Total revenues . . . . .	<u>14,271,353</u>	<u>17,844,061</u>	<u>4,411,955</u>	<u>36,527,369</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,240,576	-	324,827	5,565,403
Special. . . . .	1,327,866	-	699,670	2,027,536
Vocational. . . . .	190,398	-	-	190,398
Other . . . . .	1,134,406	-	115,895	1,250,301
Support Services:				
Pupil. . . . .	747,620	-	332,304	1,079,924
Instructional staff . . . . .	858,368	-	399,371	1,257,739
Board of education . . . . .	124,072	-	-	124,072
Administration. . . . .	1,411,338	-	9,662	1,421,000
Fiscal . . . . .	374,442	-	84,483	458,925
Business . . . . .	108,060	-	-	108,060
Operations and maintenance. . . . .	1,032,878	-	16,391	1,049,269
Pupil transportation . . . . .	347,013	-	8,460	355,473
Central. . . . .	116,961	-	106,286	223,247
Operation of non-instructional services:				
Other non-instructional services . . . . .	48,116	-	9,406	57,522
Food service operations . . . . .	-	-	1,028,871	1,028,871
Extracurricular activities. . . . .	301,558	-	135,775	437,333
Intergovernmental pass through . . . . .	-	-	43,166	43,166
Facilities acquisition and construction . . . . .	-	2,621,574	154,375	2,775,949
Debt service:				
Principal retirement . . . . .	14,330	-	240,000	254,330
Interest and fiscal charges . . . . .	1,915	-	592,425	594,340
Total expenditures . . . . .	<u>13,379,917</u>	<u>2,621,574</u>	<u>4,301,367</u>	<u>20,302,858</u>
Excess of revenues over expenditures. . . . .	<u>891,436</u>	<u>15,222,487</u>	<u>110,588</u>	<u>16,224,511</u>
<b>Other financing sources (uses):</b>				
Transfers in. . . . .	-	-	1,393,923	1,393,923
Transfers (out) . . . . .	(816,483)	(577,440)	-	(1,393,923)
Total other financing sources (uses). . . . .	<u>(816,483)</u>	<u>(577,440)</u>	<u>1,393,923</u>	<u>-</u>
Net change in fund balances. . . . .	74,953	14,645,047	1,504,511	16,224,511
<b>Fund balances at beginning of year . . . . .</b>	<u>5,982,245</u>	<u>11,371,861</u>	<u>4,198,209</u>	<u>21,552,315</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 6,057,198</u>	<u>\$ 26,016,908</u>	<u>\$ 5,702,720</u>	<u>\$ 37,776,826</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCYRUS CITY 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, 2008

**Net change in fund balances - total governmental funds** \$ 16,224,511

*Amounts reported for governmental activities in the statement of activities are different because:*

Government funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 2,850,766	
Current year depreciation	<u>(258,451)</u>	
 Total		 2,592,315

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

Taxes	99,024	
Intergovernmental	(17,728,482)	
Earnings on investments	<u>(91,280)</u>	
 Total		 (17,720,738)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement net assets. 254,330

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. Less interest is reported on the statement of activities due to the following items:

Increase in accrued interest payable	(5,195)	
Amortization of bond issue costs	(8,468)	
Amortization of bond premiums	<u>21,695</u>	
 Total		 8,032

Some expenses reported in the statement of activities, including compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (72,801)

**Change in net assets of governmental activities** \$ 1,285,649

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCYRUS CITY 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, 2008

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 4,791,840	\$ 4,670,701	\$ 4,670,701	\$ -
Tuition . . . . .	440,126	429,000	373,364	(55,636)
Earnings on investments . . . . .	282,132	275,000	328,822	53,822
Classroom materials and fees . . . . .	40,648	39,620	47,487	7,867
Other local revenues . . . . .	81,151	79,100	79,137	37
Intergovernmental - intermediate . . . . .	50,305	49,033	70,723	21,690
Intergovernmental - state . . . . .	8,952,325	8,726,008	8,918,127	192,119
Total revenues . . . . .	<u>14,638,527</u>	<u>14,268,462</u>	<u>14,488,361</u>	<u>219,899</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	5,903,031	5,619,605	5,291,672	327,933
Special . . . . .	1,438,608	1,369,536	1,344,881	24,655
Vocational . . . . .	218,682	208,182	192,441	15,741
Other . . . . .	1,014,957	966,226	1,152,042	(185,816)
Support services:				
Pupil . . . . .	902,674	859,334	772,535	86,799
Instructional staff . . . . .	933,609	888,783	881,259	7,524
Board of education . . . . .	153,641	146,264	136,905	9,359
Administration . . . . .	1,651,721	1,572,416	1,452,146	120,270
Fiscal . . . . .	500,641	476,604	387,093	89,511
Business . . . . .	152,021	144,722	133,380	11,342
Operations and maintenance . . . . .	1,292,213	1,230,170	1,126,083	104,087
Pupil transportation . . . . .	328,272	312,511	362,002	(49,491)
Central . . . . .	170,627	162,435	121,902	40,533
Other non-instructional services . . . . .	65,127	62,000	48,116	13,884
Extracurricular activities . . . . .	325,913	310,265	300,768	9,497
Total expenditures . . . . .	<u>15,051,737</u>	<u>14,329,053</u>	<u>13,703,225</u>	<u>625,828</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(413,210)</u>	<u>(60,591)</u>	<u>785,136</u>	<u>845,727</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	-	-	1,878	1,878
Refund of prior year receipts . . . . .	-	-	(48,556)	(48,556)
Transfers (out) . . . . .	(150,000)	(866,484)	(816,483)	50,001
Advances in . . . . .	50,000	50,000	76,600	26,600
Advances (out) . . . . .	(50,000)	(50,000)	(76,600)	(26,600)
Other miscellaneous use of funds . . . . .	(255,350)	(255,350)	-	255,350
Sale of capital assets . . . . .	-	-	1,335	1,335
Total other financing sources (uses) . . . . .	<u>(405,350)</u>	<u>(1,121,834)</u>	<u>(861,826)</u>	<u>260,008</u>
Net change in fund balance . . . . .	(818,560)	(1,182,425)	(76,690)	1,105,735
<b>Fund balance at beginning of year . . . . .</b>	5,443,572	5,443,572	5,443,572	-
<b>Prior year encumbrances appropriated . . . . .</b>	303,920	303,920	303,920	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 4,928,932</u>	<u>\$ 4,565,067</u>	<u>\$ 5,670,802</u>	<u>\$ 1,105,735</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2008

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 6,509	\$ 32,169
Total assets . . . . .	<u>6,509</u>	<u>\$ 32,169</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 480
Due to students . . . . .	-	31,689
Total liabilities . . . . .	<u>-</u>	<u>\$ 32,169</u>
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	<u>6,509</u>	
Total net assets . . . . .	<u>\$ 6,509</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions. . . . .	\$ 3,299
Total additions. . . . .	3,299
<b>Deductions:</b>	
Scholarships awarded . . . . .	3,000
Change in net assets . . . . .	299
<b>Net assets at beginning of year. . . . .</b>	<b>6,210</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 6,509</b>

SEE ACCOMPANYING NOTES 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, 2008**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

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

The District ranks as the 327<sup>th</sup> largest by enrollment among the 896 public school districts and community schools in the State. The District employs 78 non-certified and 134 certified employees to provide services to approximately 1,665 students in grades K through 12, and various community groups.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Pioneer Career and Technical Center (PCTC)

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

Tri-Rivers Educational Computer Association (TRECA)

TRECA is a jointly governed organization among 21 school districts. TRECA was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of member districts. Each of the governments of these schools supports TRECA based upon a per pupil charge, dependent upon the software package utilized. TRECA is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. In the event of the dissolution of TRECA, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions. Financial information is available from Mike Carder, Director, at 100 Executive Drive, Marion, Ohio 43302.

*PUBLIC ENTITY RISK POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

*GROUP PURCHASING COOPERATIVE*

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

**B. Fund Accounting**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

*GOVERNMENTAL FUNDS*

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

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

*Classroom Facilities Fund* - The classroom facilities capital projects fund is used to account for financial resources and expenditures related to the school facilities construction project.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; (b) for grants and other resources whose use is restricted to a particular purpose, and (c) food service operations.

*PROPRIETARY FUNDS*

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

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

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

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

**D. Basis of Accounting**

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008 but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue.

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

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

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2008 is as follows:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Certificate of Estimated Resources issued for fiscal year 2008.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2008. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2008, investments were limited to overnight repurchase agreements, money market, commercial paper, federal securities, nonnegotiable certificates of deposits, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

The District has invested funds in STAR Ohio during fiscal year 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2008.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by Board resolution. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$334,885, which includes \$64,387 assigned from other District funds.

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

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

**G. Inventory**

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

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

**H. Capital Assets**

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

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

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Depreciation is computed using the straight-line method over the following useful lives:

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

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund loans at June 30, 2008.

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2008, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2008 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**K. Unamortized Issuance Costs and Bond Premium**

On government-wide financial statements, issuance costs are defined and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and accreted over the term of the bonds using the straight-line method which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

**L. Accrued Liabilities and Long-Term Obligations**

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

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

**M. Fund Balance Reserves**

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

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The restriction for other purposes, consists of monies restricted for BWC refunds (see Note 17), restricted for bus purchases (see Note 17), underground storage tank fund (a nonmajor governmental fund) and the special enterprises fund (a nonmajor governmental fund).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

**O. Prepayments**

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

**P. Estimates**

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

**Q. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set-aside for Bureau of Workers' Compensation (BWC) refunds and to create a reserve for school bus purchases. See Note 17 for details.

**R. Interfund Activity**

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

**S. Parochial Schools**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 14) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2008 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Fund</u>	
Public School preschool	\$ 1,335
Poverty Aid	274

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance is a result 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, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits 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, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of the 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 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. Cash in Segregated Accounts**

At fiscal year-end, \$8,167 was on deposit with an escrow agent for retainage held as part of the District's construction contracts. This amount is not included in the total amount of deposits reported below and is reported on the financial statements as "cash in segregated accounts".

**B. Deposits with Financial Institutions**

At June 30, 2008, the carrying amount of all District deposits was \$10,718,119 exclusive of the \$12,402,870 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$10,556,149 of the District's bank balance of \$10,756,149 was exposed to custodial risk as discussed below, while \$200,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the 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 District. The 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 District to a successful claim by the FDIC.

**BUCYRUS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
FHLB	\$ 7,947,731	\$ 2,007,550	\$ 4,447,231	\$ 1,492,950
FNMA	505,950	-	505,950	-
FHLMA	2,815,438	-	887,953	1,927,485
FHLMA discount note	774,444	579,304	195,140	-
FHLB discount note	274,395	274,395	-	-
Commercial paper	1,780,165	1,780,165	-	-
First American money market	58,894	58,894	-	-
Repurchase agreement	12,402,870	12,402,870	-	-
STAR Ohio	<u>259,043</u>	<u>259,043</u>	-	-
Total	<u>\$ 26,818,930</u>	<u>\$ 17,362,221</u>	<u>\$ 6,036,274</u>	<u>\$ 3,420,435</u>

*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 District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments, except for STAR Ohio, the First American money market and commercial paper, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the First American money market an AAAM money market rating and commercial paper a P-1 rating, while Moody's Investor Services gave the commercial paper an A+1 rating.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*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 District at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 7,947,731	29.62
FNMA	505,950	1.89
FHLMA	2,815,438	10.50
FHLMA discount note	774,444	2.89
FHLB discount note	274,395	1.02
Commercial paper	1,780,165	6.64
First American money market	58,894	0.22
Repurchase agreement	12,402,870	46.25
STAR Ohio	<u>259,043</u>	<u>0.97</u>
Total	<u>\$ 26,818,930</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

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 assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 10,718,119
Cash in segregated accounts	8,167
Investments	<u>26,818,930</u>
Total	<u>\$ 37,545,216</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 37,506,538
Private-purpose trust funds	6,509
Agency funds	<u>32,169</u>
Total	<u>\$ 37,545,216</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	\$ 816,483
Classroom facilities fund	<u>577,440</u>
Total	<u>\$ 1,393,923</u>

**BUCYRUS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

All transfers made in fiscal year 2008 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

The transfer between the classroom facilities fund and the permanent improvement fund are to properly refund revenues received.

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**BUCYRUS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 6 - PROPERTY TAXES - (Continued)**

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Crawford County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 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 unearned revenue.

The amount available as an advance at June 30, 2008 was \$1,745,390 in the general fund, \$314,249 in the debt service fund (a nonmajor governmental fund), \$25,640 in the permanent improvement fund (a nonmajor governmental fund) and \$25,640 in the classroom facilities maintenance fund (a nonmajor governmental fund). These amounts have been recorded as revenue. The amount that was available as an advance at June 30, 2007, was \$1,887,205 in the general fund, \$332,765 in the debt service fund (a nonmajor governmental fund), \$27,090 in the permanent improvement fund (a nonmajor governmental fund) and \$27,090 in the classroom facilities maintenance fund (a nonmajor governmental fund).

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 141,688,170	87.79	\$ 141,768,980	91.66
Public utility personal	6,925,140	4.30	6,955,000	4.50
Tangible personal property	<u>12,790,160</u>	<u>7.91</u>	<u>5,939,230</u>	<u>3.84</u>
Total	<u>\$ 161,403,470</u>	<u>100.00</u>	<u>\$ 154,663,210</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$55.91		\$55.35

**BUCYRUS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2008 consisted 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 receivables reported on the statement of net assets follows:

**Governmental activities**

Taxes	\$ 6,492,189
Intergovernmental	6,115,935
Accrued interest	72,013
Accounts	<u>4,000</u>
Total	<u>\$ 12,684,137</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year except for the OSFC grant which will be collected over the term of the construction project.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance <u>06/30/07</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>06/30/08</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 94,258	\$ -	\$ -	\$ 94,258
Construction in progress	<u>-</u>	<u>2,789,574</u>	<u>-</u>	<u>2,789,574</u>
Total capital assets, not being depreciated	<u>94,258</u>	<u>2,789,574</u>	<u>-</u>	<u>2,883,832</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,123,524	-	-	1,123,524
Building and improvements	7,261,189	-	-	7,261,189
Furniture and equipment	864,165	-	-	864,165
Vehicles	<u>713,419</u>	<u>61,192</u>	<u>-</u>	<u>774,611</u>
Total capital assets, being depreciated	<u>9,962,297</u>	<u>61,192</u>	<u>-</u>	<u>10,023,489</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(841,268)	(43,477)	-	(884,745)
Building and improvements	(4,603,069)	(129,291)	-	(4,732,360)
Furniture and equipment	(586,932)	(60,066)	-	(646,998)
Vehicles	<u>(635,864)</u>	<u>(25,617)</u>	<u>-</u>	<u>(661,481)</u>
Total accumulated depreciation	<u>(6,667,133)</u>	<u>(258,451)</u>	<u>-</u>	<u>(6,925,584)</u>
Governmental activities capital assets, net	<u>\$ 3,389,422</u>	<u>\$ 2,592,315</u>	<u>\$ -</u>	<u>\$ 5,981,737</u>

**BUCYRUS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 96,885
Special	16,516
Vocational	2,072
<u>Support services:</u>	
Pupil	5,077
Instructional staff	7,080
Administration	12,748
Business	3,314
Operations and maintenance	64,190
Pupil transportation	24,413
Non-instructional services	1,465
Extracurricular activities	18,650
Food service operation	<u>6,041</u>
Total depreciation expense	<u>\$ 258,451</u>

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years, the District entered into a capitalized lease agreement for the acquisition of copier equipment.

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

Capital assets consisting of copiers have been capitalized in the amount of \$87,806. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2008 for copiers was \$72,626 leaving a current book value of \$15,180. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2008 totaled \$14,330 in the general fund.

**BUCYRUS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2008:

<u>Fiscal Year Ending June 30,</u>	<u>Copier</u>
2009	\$ 7,300
2010	7,301
2011	<u>5,105</u>
Total minimum lease payments	19,706
Less: amount representing interest	<u>(1,926)</u>
Total	<u>\$ 17,780</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/07</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/08</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds - Series 2006	\$ 13,150,000	\$ -	\$ (240,000)	\$ 12,910,000	\$ 195,000
Compensated absences	918,522	287,826	(212,300)	994,048	211,304
Capital lease obligation	<u>32,110</u>	<u>-</u>	<u>(14,330)</u>	<u>17,780</u>	<u>6,176</u>
Total governmental activities	<u>\$ 14,100,632</u>	<u>\$ 287,826</u>	<u>\$ (466,630)</u>	13,921,828	<u>\$ 412,480</u>
Add: unamortized premium on bonds				<u>551,422</u>	
				<u>\$ 14,473,250</u>	

Compensated absences will be paid from the fund from which the employee's salaries are paid, which for the District are the general fund, the food service fund (a nonmajor governmental fund), the auxiliary service fund (a nonmajor governmental fund) and the Title I fund (a nonmajor governmental fund).

Capital lease payments will be made from the general fund. See Note 9 for details.

**BUCYRUS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**B. General Obligation Bonds** - On December 5, 2006, the District issued voted general obligation bonds (Series 2006 School Improvement Bonds) in the amount of \$13,150,000 for the purpose of refunding the District's \$13,150,000 School Improvement Bond Anticipation Notes issued for the purpose of paying the local share in accordance with the terms of a grant from the Ohio Schools Facilities Commission (OSFC). The bonds were issued with an interest rate ranging from 3.75% to 4.25% for a twenty-six year period with final maturity at December 1, 2033. Interest payments are due on June 1 and December 1 of each year. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund (a nonmajor governmental fund).

These bonds represent the amount of the Construction Project that the District itself was required to finance, in accordance with the terms of a facilities grant from the OSFC. OSFC will make quarterly disbursements to the District as the project is completed. As of June 30, 2008, the total estimated cost of the Construction Project is \$34,303,179, of which OSFC will pay \$24,698,289. At June 30, 2008, there were \$11,738,211 in unspent proceeds of the general obligation bonds.

The following is a summary of the future debt service requirements to maturity for the 2006 Series Bonds:

Fiscal Year Ended	General Obligation Bonds		
	Principal	Interest	Total
2009	\$ 195,000	\$ 584,856	\$ 779,856
2010	180,000	577,825	757,825
2011	240,000	569,950	809,950
2012	255,000	560,669	815,669
2013	265,000	550,919	815,919
2014 - 2018	1,855,000	2,562,913	4,417,913
2019 - 2023	2,320,000	2,108,250	4,428,250
2024 - 2028	2,960,000	1,451,250	4,411,250
2029 - 2033	3,780,000	624,288	4,404,288
2034	860,000	18,275	878,275
Total	<u>\$ 12,910,000</u>	<u>\$ 9,609,195</u>	<u>\$ 22,519,195</u>

**BUCYRUS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$1,000,867 (including available funds of \$634,221) and an unvoted debt margin of \$147,518.

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Insurance Benefits**

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

**C. Retirement Incentive**

The District offers a one-time retirement bonus in the amount of \$10,000 to all certified employees who elect to retire in the first year of STRS retirement eligibility if they provide the District with their notice of retirement by March 1 and complete the balance of the school year. The retirement bonus is payable upon completion of service through the last work day of the school year. The District had one \$10,000 retirement incentive payable at June 30, 2008.

**BUCYRUS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. During fiscal year 2008, the District has purchased property and casualty insurance from the Indiana Insurance Company; the policy's coverage maximum is \$43,748,028 for buildings and for personal property. General liability insurance, purchased from Indiana Insurance, carries a \$2,000,000 single occurrence limit and a \$2,000,000 aggregate. District-owned vehicle insurance is provided by Motorists Insurance Company, with a \$1,000,000 single occurrence limit.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in the amounts of insurance coverage from fiscal year 2007.

**B. Group Health and Dental Insurance**

Health, life, dental and other group insurance is offered to employees as a fringe benefit. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions. Currently, for certified and classified employees, single and family coverage is 91% Board-paid and 9% employee-paid. Administration single and family coverage is 95% Board-paid and 5% employee-paid.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

**C. OSBA Group Workers' Compensation Rating Plan**

For fiscal year 2008, the District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (the "GRP"), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

**BUCYRUS CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$173,996, \$185,595 and \$184,616; 47.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**BUCYRUS CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 13 - PENSION PLANS - (Continued)**

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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 - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$896,263, \$919,252 and \$899,139; 83.02 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$2,330 made by the District and \$14,179 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$117,420, \$100,113 and \$91,676, respectively; 47.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$12,537, \$12,620 and \$14,694, respectively; 47.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://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 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$68,943, \$70,712 and \$69,165, respectively; 83.02 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**NOTE 15 - 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);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

<b>Net Change in Fund Balance</b>	<u>General fund</u>
Budget basis	\$ (76,690)
Net adjustment for revenue accruals	(217,008)
Net adjustment for expenditure accruals	28,653
Net adjustment for other sources/uses	45,343
Adjustment for encumbrances	<u>294,655</u>
GAAP basis	<u>\$ 74,953</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 17 - STATUTORY RESERVES**

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>	BWC <u>Refunds</u>
Set-aside balance as of June 30, 2007	\$ (158,334)	\$ -	\$ 69,721
Current year set-aside requirement	262,777	262,777	-
Current year offsets	-	(305,266)	-
Qualifying disbursements	<u>(452,235)</u>	<u>(352,197)</u>	<u>-</u>
Total	<u>\$ (347,792)</u>	<u>\$ (394,686)</u>	<u>\$ 69,721</u>
Balance carried forward to FY 2009	<u>\$ (347,792)</u>	<u>\$ -</u>	<u>\$ 69,721</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. The District is still required by State law to maintain the textbook reserve. Qualifying expenditures for capital acquisition and textbook/instructional materials exceeded the required set-aside amount. The excess textbook/instructional materials may be carried forward to future years to offset requirements; however, excess in the capital acquisition set-aside may not be carried forward to future years.

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

A schedule of the governmental fund restricted assets at June 30, 2008 follows:

Amount restricted for BWC refunds	\$ 69,721
Amount restricted for school bus purchases	<u>72,742</u>
Total restricted assets	<u>\$ 142,463</u>

## **SUPPLEMENTARY DATA**

**BUCYRUS CITY SCHOOL DISTRICT**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
(C) Food Donation	10.550	2008	\$ 50,000	\$ 50,000
<b>Total Food Donation</b>			<u>50,000</u>	<u>50,000</u>
<b>Nutrition Cluster:</b>				
(D) (E) School Breakfast Program	10.553	2008	139,728	139,728
<b>Total School Breakfast Program</b>			<u>139,728</u>	<u>139,728</u>
(D) (E) National School Lunch Program	10.555	2008	392,302	392,302
<b>Total National School Lunch Program</b>			<u>392,302</u>	<u>392,302</u>
(D) (E) Summer Food Service Program for Children	10.559	2008	6,719	6,719
<b>Total Summer Food Service Program for Children</b>			<u>6,719</u>	<u>6,719</u>
<b>Total Nutrition Cluster</b>			<u>538,749</u>	<u>538,749</u>
<b>Total U.S. Department of Agriculture</b>			<u>588,749</u>	<u>588,749</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Title I Grants to Local Educational Agencies:	84.010	2007	21,254	61,540
Title I Grants to Local Educational Agencies:	84.010	2008	379,012	325,242
<b>1 Total Title I Grants to Local Educational Agencies</b>			<u>400,266</u>	<u>386,782</u>
<b>Special Education Cluster:</b>				
(F) Special Education Grants to States	84.027	2007	57,001	97,516
(F) Special Education Grants to States	84.027	2008	405,850	340,859
<b>Total Special Education Grants to States</b>			<u>462,851</u>	<u>438,375</u>
(F) Special Education Preschool Grants	84.173	2007	-	1,991
(F) Special Education Preschool Grants	84.173	2008	13,661	12,060
<b>Total Special Education Grants to States</b>			<u>13,661</u>	<u>14,051</u>
<b>Total Special Education Cluster</b>			<u>476,512</u>	<u>452,426</u>
Safe and Drug-Free Schools and Communities State Grant:	84.186	2008	8,058	8,058
<b>Total Safe and Drug-Free Schools and Communities State Grant</b>			<u>8,058</u>	<u>8,058</u>
Twenty-First Century Community Learning Center	84.287	2007	67,961	118,574
Twenty-First Century Community Learning Center	84.287	2008	217,703	183,962
Twenty-First Century Community Learning Center	84.287	2008	126,186	120,445
<b>Total Twenty-First Century Community Learning Centers</b>			<u>411,850</u>	<u>422,981</u>
State Grants for Innovative Programs	84.298	2007	-	116
State Grants for Innovative Programs	84.298	2008	4,169	4,016
<b>Total State Grants for Innovative Programs</b>			<u>4,169</u>	<u>4,132</u>
Education Technology State Grants	84.318	2007	2,441	2,740
Education Technology State Grants	84.318	2008	4,048	3,928
<b>Total Education Technology State Grants</b>			<u>6,489</u>	<u>6,668</u>
Improving Teacher Quality State Grants	84.367	2007	15,017	21,315
Improving Teacher Quality State Grants	84.367	2008	103,405	96,226
<b>Total Improving Teacher Quality State Grants</b>			<u>118,422</u>	<u>117,541</u>
<b>Total U.S. Department of Education</b>			<u>1,425,766</u>	<u>1,398,588</u>

- Continued

**BUCYRUS CITY SCHOOL DISTRICT**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>PASSED THROUGH</b>				
<b>N/A</b>				
Safe and Drug-Free Schools and Communities_National Program:	84.184	N/A	\$ 40,683	\$ 40,190
Safe and Drug-Free Schools and Communities_National Program:	84.184	N/A	195,128	195,132
Safe and Drug-Free Schools and Communities_National Program:	84.184	N/A	<u>93,374</u>	<u>92,330</u>
<b>Total Safe and Drug-Free Schools and Communities_National Programs</b>			<u>329,185</u>	<u>327,652</u>
Fund for the Improvement of Education	84.215	N/A	10,267	10,328
Fund for the Improvement of Education	84.215	N/A	<u>100,373</u>	<u>97,881</u>
<b>Total Fund for the Improvement of Education</b>			<u>110,640</u>	<u>108,209</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,454,340</u>	<u>\$ 2,423,198</u>

- (A) OAKS did not assign pass-through numbers for fiscal year 2008
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

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

Board of Education  
Bucyrus City School District  
117 East Mansfield Street  
Bucyrus, Ohio 44820

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bucyrus City School District as of and for the fiscal year ended June 30, 2008, which collectively comprise Bucyrus City School District's basic financial statements and have issued our report thereon dated December 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bucyrus City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bucyrus City School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Bucyrus City School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Bucyrus City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Bucyrus City School District's financial statements that is more than inconsequential will not be prevented or detected by the Bucyrus City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Bucyrus City School District's internal control.

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

Board of Education  
Bucyrus City School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bucyrus City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

Julian & Grube, Inc.  
December 26, 2008



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

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

Board of Education  
Bucyrus City School District  
117 East Mansfield Street  
Bucyrus, Ohio 44820

Compliance

We have audited the compliance of Bucyrus City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008. Bucyrus City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bucyrus City School District's management. Our responsibility is to express an opinion on Bucyrus City School District's compliance based on our audit.

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

In our opinion, Bucyrus City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2008.

Internal Control Over Compliance

The management of Bucyrus City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bucyrus City School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bucyrus City School District's internal control over compliance.

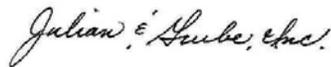
Board of Education  
Bucyrus City School District

A control deficiency in Bucyrus City School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Bucyrus City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Bucyrus City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Bucyrus City School District's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Julian & Grube, Inc.  
December 26, 2008

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2008**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<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 Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Special Education Cluster: Special Education Grants to States - CFDA #84.027 and Special Education Preschool Grants CFDA - #84.173; Twenty-First Century Community Learning Centers - CFDA #84.287
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



Mary Taylor, CPA  
Auditor of State

**BUCYRUS CITY SCHOOL DISTRICT**  
**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**FEBRUARY 17, 2009**