

Norman
Jones
Enlow
& Co.

Certified Public
Accountants

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Enlow
& Co.

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Accountants

BUCYRUS CITY SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Education
Bucyrus City School District
Crawford County
Bucyrus, Ohio

We have reviewed the Independent Auditor's Report of the Bucyrus City School District , Crawford County, prepared by Norman, Jones, Enlow & Co., for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

January 6, 2000

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

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INDEPENDENT AUDITOR'S REPORT

**Board of Education
Bucyrus City School District
Crawford County
Bucyrus, Ohio**

We have audited the accompanying general purpose financial statements of the Bucyrus City School District as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

The Required Supplementary Information, which includes disclosure of Year 2000 issues, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. In addition, we do not provide assurance that The District is or will become Year 2000 compliant, that The

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District's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which The District does business are or will become Year 2000 compliant.

Norman, Jones, Enlow & Co.

Norman, Jones, Enlow & Co.

Dublin, Ohio

November 3, 1999

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Total (Memorandum Only)		
	General	Special Revenue	Debt Service			Capital Projects	Enterprise	Trust and Agency		General	Long-Term Obligations
										General Fixed Assets	
ASSETS AND OTHER DEBITS											
ASSETS:											
Equity in pooled cash, cash equivalents and investments	\$971,722	\$342,747	\$18,266	\$59,798	\$116,694	\$44,030			\$1,553,257		
Receivables (net of allowances of uncollectibles):											
Property taxes - current & delinquent	5,320,678								5,320,678		
Accounts	23,910	306							24,216		
Accrued interest	6,243								6,243		
Interfund loan receivable	50,000	5,000							55,000		
Due from other governments	3,169	84,048		190,462	63,178				340,857		
Prepayments	39,208				502				39,710		
Materials and supplies inventory	82,746	6,451			48,690				137,887		
Restricted assets:											
Equity in pooled cash and cash equivalents	229,542								229,542		
Property, plant and equipment (net of accumulated depreciation where applicable)					32,980			\$9,377,710	9,410,690		
OTHER DEBITS:											
Amount available in Debt Service Fund							\$18,266		18,266		
Amount to be provided for retirement of General Long-Term Obligations							991,275		991,275		
Total assets and other debits	\$6,727,218	\$438,552	\$18,266	\$250,260	\$262,044	\$44,030	\$9,377,710	\$1,009,541	\$18,127,621		

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types			Proprietary	Fiduciary	Account Groups		Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General		Long-Term
							Assets		Obligations
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	\$23,968	\$22,789		\$51,629	\$777			\$99,163	
Accrued wages and benefits	1,055,965	95,335		44,076				1,195,376	
Compensated absences payable	127,902			31,270			\$674,799	833,971	
Pension obligation payable	161,820	12,318		32,682			77,281	284,101	
Interfund loan payable				55,000				55,000	
Deferred revenue	3,849,607			9,925				3,859,532	
Due to other governments					\$2,710			2,710	
Due to students					29,703			29,703	
General obligation notes payable	1,290,000						250,000	1,290,000	
Energy conservation notes payable								250,000	
Obligation under capital lease							7,461	7,461	
Total liabilities	6,509,262	130,442		106,629	32,413		1,009,541	7,907,017	
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets								9,377,710	
Retained earnings: unreserved								143,314	
Fund balances:									
Reserved for encumbrances	65,027	7,108		141,749				213,884	
Reserved for supplies inventory	82,746	6,451						89,197	
Reserved for prepayments	39,208							39,208	
Reserved for debt service			\$18,266					18,266	
Reserved for tax revenue unavailable for appropriation	1,473,870							1,473,870	
Reserved for instructional materials	77,872							77,872	
Reserved for capital improvements	3,170							3,170	
Reserved for budget stabilization	148,500							148,500	
Unreserved-undesignated	(1,672,437)	294,551		1,882	11,617			(1,364,387)	
Total equity and other credits	217,956	308,110	18,266	143,631	11,617	9,377,710		10,220,604	
Total liabilities, equity and other credits	\$6,727,218	\$438,552	\$18,266	\$250,260	\$44,030	\$9,377,710	\$1,009,541	\$18,127,621	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$4,886,592					\$4,886,592
Tuition	64,388					64,388
Earnings on investments	147,200	\$3,269		\$13	\$267	150,749
Other local revenues	115,430	190,945			2,444	308,819
Other revenue	188	409				597
Intergovernmental - State	5,498,537	268,303		357,235		6,124,075
Intergovernmental - Federal	37,282	526,323				563,605
Total revenue	10,749,617	989,249		357,248	2,711	12,098,825
Expenditures:						
Current:						
Instruction:						
Regular	4,695,650	136,464		97,607		4,929,721
Special	1,069,716	472,491				1,542,207
Vocational	226,136					226,136
Other	41,586					41,586
Support services:						
Pupil	358,162	25,032			2,476	385,670
Instructional staff	625,267	112,571		19		737,857
Board of Education	5,265					5,265
Administration	1,269,536	12,506			193	1,282,235
Fiscal	331,131					331,131
Business	100,125					100,125
Operations and maintenance	981,646	3,000				984,646
Pupil transportation	387,488	8,000				395,488
Central	58,879					58,879
Community services	127,486	83,842			2,000	213,328
Extracurricular activities	254,899	207,378				462,277
Facilities services	2,809			235,953		238,762
Debt service:						
Principal retirement	21,278		\$75,000			96,278
Interest and fiscal charges	63,773		18,525			82,298
Total expenditures	10,620,832	1,061,284	93,525	333,579	4,669	12,113,889
Excess (deficiency) of revenues over (under) expenditures	128,785	(72,035)	(93,525)	23,669	(1,958)	(15,064)
Other financing sources (uses):						
Operating transfers in			93,525	7,000		100,525
Operating transfers out	(250,525)					(250,525)
Total other financing sources (uses)	(250,525)		93,525	7,000		(150,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(121,740)	(72,035)	0	30,669	(1,958)	(165,064)
Fund balance, July 1 (Restated)	341,964	380,406	18,266	112,962	13,575	867,173
(Decrease) in reserve for inventory	(2,268)	(261)				(2,529)
Fund balance, June 30	\$217,956	\$308,110	\$18,266	\$143,631	\$11,617	\$699,580

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	General Fund				Special Revenue				Debt Service				Capital Projects				Total (Memorandum only)			
	Revised Budget	Actual	Variance: Favorable (Unfavorable)		Revised Budget	Actual	Variance: Favorable (Unfavorable)		Revised Budget	Actual	Variance: Favorable (Unfavorable)		Revised Budget	Actual	Variance: Favorable (Unfavorable)		Budget Revised	Actual	Variance: Favorable (Unfavorable)	
Revenues:																				
From local sources:																				
Taxes.....	\$5,375,806	\$4,844,246	(\$531,560)														\$5,375,806	\$4,844,246	(\$531,560)	
Tuition.....	96,830	89,058	(9,772)														96,830	89,058	(9,772)	
Earnings on investments.....	1,503,346	1,354,480	(148,866)														1,503,346	1,354,480	(148,866)	
Other local revenues.....	52,987	47,747	(5,240)														289,971	238,399	(51,572)	
Other revenue.....	6,101,892	5,498,537	(603,355)														497	400	(97)	
Intergovernmental - State.....	37,856	34,113	(3,743)														6,603,240	5,948,970	(653,270)	
Intergovernmental - Federal.....																	587,615	476,390	(111,225)	
Total revenues.....	11,817,718	10,649,181	(1,168,537)														13,110,150	11,757,040	(1,353,110)	
Expenditures:																				
Current:																				
Instruction:																				
Regular.....	4,803,034	4,653,225	149,809														5,025,551	4,906,315	119,236	
Special.....	1,103,379	1,068,964	34,415														1,624,401	1,543,362	81,039	
Vocational.....	171,933	172,383	5,500														177,933	172,383	5,550	
Other.....	43,942	42,571	1,371														43,942	42,571	1,371	
Support services:																				
Pupil.....	365,259	353,866	11,393														391,400	377,668	13,732	
Instructional staff.....	645,990	625,841	20,149														772,809	741,390	31,429	
Board of Education.....	5,655	5,479	176														5,655	5,479	176	
Administration.....	1,322,749	1,281,492	41,257														1,336,486	1,294,000	42,486	
Fiscal.....	346,513	335,705	10,808														346,513	335,705	10,808	
Business.....	140,287	135,911	4,376														140,287	135,911	4,376	
Operations and maintenance.....	1,026,361	1,004,036	22,325														1,036,361	1,004,036	32,325	
Pupil transportation.....	404,670	392,048	12,622														413,678	400,251	13,428	
Central.....	58,908	57,071	1,837														58,908	57,071	1,837	
Community services.....	151,524	127,422	24,102														225,756	213,222	12,534	
Extracurricular activities.....	257,025	249,008	8,017														487,937	459,257	28,680	
Facilities acquisition & construction.....	2,899	2,809	90														239,760	381,221	(141,461)	
Debt service:																				
Principal retirement.....																	360,000	360,000	0	
Interest and fiscal charges.....																	80,839	80,839	0	
Total expenditures.....	10,840,128	10,507,831	332,297														12,768,217	12,510,871	257,346	
Excess (deficiency) of revenues over (under) expenditures.....	971,590	141,350	(830,240)														341,933	(773,831)	(1,115,564)	
Other financing sources (uses):																				
Refund of prior year's expenditures.....	67,639	60,951	(6,688)														67,639	60,951	(6,688)	
Refund of prior year's receipts.....	(771)	(747)	24														(3,332)	(3,079)	253	
Operating transfers in.....	141,112	127,189	(13,923)														682,728	648,677	(34,051)	
Operating transfers (out).....	(780,832)	(796,497)	15,665														(861,097)	(829,561)	31,536	
Advances in.....	99,321	89,500	(9,821)														208,164	199,500	(8,664)	
Advances (out).....	(115,541)	(110,000)	(5,541)														(195,363)	(199,500)	(4,137)	
Total other financing sources (uses).....	(387,892)	(389,634)	(1,742)														(100,203)	(123,012)	(22,809)	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	384,498	(448,284)	(832,782)														241,730	(896,643)	(1,138,373)	
Fund balance, July 1.....	1,128,638	1,128,638	0														1,725,591	1,725,591	0	
Prior year encumbrances appropriated.....	180,682	180,682	0														221,526	221,526	0	
Fund balance, June 30.....	\$1,693,818	\$861,036	(832,782)														\$2,188,847	\$1,050,474	(\$1,138,373)	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees	\$36,330
Sales/charges for services	355,525
	391,855
Operating expenses:	
Personal services	395,665
Contract services	19,954
Materials and supplies	336,424
Depreciation	2,013
	754,056
Operating loss	(362,201)
Nonoperating revenues:	
Operating grants	278,191
Federal commodities	28,570
Interest revenue	1,899
	308,660
Net loss before operating transfers	(53,541)
Operating transfers in	150,000
	96,459
Retained earnings, July 1	46,855
Retained earnings, June 30	\$143,314

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$36,379
Cash received from sales/service charges	358,034
Cash payments for personal services	(398,521)
Cash payments for contract services	(20,090)
Cash payments supplies and materials	(325,379)
	(349,577)
Net cash used in operating activities.	
Cash flows from noncapital financing activities:	
Cash received from operating grants	215,013
Transfers in from other funds	150,000
	365,013
Net cash provided by noncapital financing activities	
Cash flows from investing activities:	
Interest received	1,899
	1,899
Net cash provided by investing activities.	
Net increase in cash and cash equivalents.	
	17,335
Cash and cash equivalents at beginning of year.	99,359
Cash and cash equivalents at end of year	\$116,694
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(\$362,201)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	2,013
Federal donated commodities	28,570
Changes in assets and liabilities:	
Increase in supplies inventory	(18,290)
Decrease in accounts receivable	2,558
Decrease in prepayments	145
Decrease in accounts payable	(1,065)
Increase in accrued wages & benefits	2,131
Decrease in compensated absences payable	(5,596)
Increase in pension obligation payable	464
Increase in deferred revenue	1,694
	1,694
Net cash used in operating activities.	
	(\$349,577)

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

1. DESCRIPTION OF THE SCHOOL DISTRICT

The 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 285th largest by enrollment among the 612 districts in the State. It currently operates 5 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 89 non-certified, 152 certified, and 16 administrative full-time and part-time employees to provide services to approximately 1,807 students in grades K through 12, and various community groups.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," effective for financial statements for periods beginning after December 15, 1992. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly Governed Organization:

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

Joint Venture Without Equity Interest:

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

Potential Component Unit Reported as an Agency Fund:

City of Bucyrus D.A.R.E. Program - The District acts as fiscal agent for this community drug awareness and education program. The Police Department of the City of Bucyrus performs all activities related to the program, and all monies are received and disbursed on their behalf by the Treasurer of the District. The District reflects this fiduciary responsibility in its financial reports as an Agency Fund.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in Proprietary funds) are accounted for through Governmental funds. The following are the District's Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

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 where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust and Agency Funds. Agency Funds are presented on a budgetary basis with note disclosure, if applicable, regarding items which, in other fund types, would be subject to accrual.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary funds and Trust funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary funds and Trust funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental funds and Expendable Trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligations principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 1999 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.**
- 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 amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 1999.**
- 4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.**

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions 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 departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation 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 during fiscal 1999 were legally enacted by the Board as follows:

	<u>Increase</u>	<u>Decrease</u>
Special Revenue		\$ (47,611)
Capital Projects	\$ 62,914	
Enterprise		(43,618)
Expendable Trust	1,406	
Agency		(10,000)
TOTAL	\$ 64,320	\$ (101,229)

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end (not recognized as accounts payable) appear as a reserve to the fund balance on a GAAP basis (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Proprietary funds are disclosed in the notes to the financial statements.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary 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, Cash Equivalents and Investments" on the combined balance sheet.

During fiscal 1999, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, federal agency securities, and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit and repurchase agreements are reported at cost.

Calculation of the Net Increase in the Fair Value of Investments - Aggregate Method

Fair value at June 30, 1999	\$ 837,820
Add: Proceeds of investments matured during fiscal 1999	500,000
Less: Cost of investments purchased	(836,978)
Fair value at June 30, 1998	(494,644)
Change in fair value of investments	<u>\$ 6,198</u>

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, 1999.

By policy of the Board of Education, interest revenue is allocated to the General fund, the Permanent Improvement fund, Food Service fund, Expendable Trust funds, Building (public school support) funds, Student Activity funds, Early Childhood Development fund, Self-Insurance Reserve fund (included with General fund for reporting purposes), Athletic fund and Auxiliary Service funds. Interest revenue credited to the General fund during fiscal 1999 amounted to \$147,200 which includes \$45,462 assigned from other District funds.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

F. Inventory

Inventories for all Governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District has a policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives (with an estimated 10% salvage value):

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

<u>Asset</u>	<u>Life (years)</u>
Buildings	25-50
Furniture, Fixtures and Minor Equipment	5-20
Vehicles	4-6

H. Intergovernmental Revenues

In Governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary fund operations are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Special Revenue Funds

Disadvantaged Pupil Impact Aid
Auxiliary Services

Non-Reimbursable Grants

Special Revenue Funds

School Improvement Models
Teacher Development
Public School Preschool
Management Information Systems
School Net - Professional Development
Title II
Title VI-B
Title I
Title VI

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Reimbursable Grants (continued)

Special Revenue Funds (continued)

**Drug-Free Schools
Pre-school for the Handicapped
Instructional Materials Subsidy**

Capital Project Funds

**School Net - Infrastructure
Emergency School Building Repair
Technology Equity**

Reimbursable Grants

General Fund

**School Bus Purchases
Driver Education
Vocational Education Travel/Salary**

Special Revenue Funds

Underground Storage Tank

Proprietary

**National School Lunch Program
National School Milk Program**

Grants and entitlements amounted to over 54% of the District's operating revenue during the 1999 fiscal year.

I. Compensated Absences

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

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, "Accounting for Compensated Absences," a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Accumulated vacation and severance liability of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and severance liability for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

J. Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental fund when due, or when resources have been accumulated in the Debt Service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a Governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from Proprietary fund operations are accounted for in those funds.

K. Fund Equity

Reserved fund balances indicate that a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, debt service, materials and supplies inventory, prepaids, tax

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

revenue unavailable for appropriation, budget stabilization, capital improvements and instructional materials. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

L. Statutory Reserves

The District is required by state law to set aside certain general fund (cash basis) revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance 7/1/98	\$ -	\$ -	\$ 65,700	\$ 65,700
Required Set Aside	165,500	165,500	82,800	413,800
Offset Credits				
Qualifying Expenditures	<u>(87,628)</u>	<u>(162,330)</u>	<u>-</u>	<u>(249,958)</u>
Balance 6/30/99	<u>\$ 77,872</u>	<u>\$ 3,170</u>	<u>\$ 148,500</u>	<u>\$ 229,542</u>

M. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.**
- 4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.**
- 5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.**
- 6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.**

An analysis of the District's interfund transactions for fiscal year 1999 is presented in Note 5.

N. Prepaids

Prepayments for Governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At period-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.

O. Statement of Cash Flows

In September 1989, the Governmental Accounting Standards Board (GASB) issued Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". The District has presented (Exhibit 5) a statement of cash flows for its Enterprise funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Parochial Schools

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

Q. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting". This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

R. Restricted Assets

Certain assets of the General Fund are classified as restricted assets because their use is completely restricted by State legislation.

S. Estimates

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

T. Memorandum Only - Total Columns

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

3. ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustments

1. At June 30, 1998, the District has presented a reclassification of certain Student Managed Activity funds from an Agency fund type to District Managed Activity funds, a special revenue fund type.
2. The District reported at June 30, 1998 an interfund asset of \$3,868 in the Disadvantaged Pupil Impact Aid fund and a interfund liability of \$3,868 in the General fund. This transaction was actually an operating transfer.

The effect of these adjustments on fund equity as previously reported is as follows:

	Fund Balance as Previously Reported <u>June 30, 1998</u>	Effect of <u>Adjustments</u>	Fund Balance <u>July 1, 1998</u>
General Fund	\$ 338,096	\$ 3,868	\$ 341,964
Special Revenue Funds	364,958	15,448	380,406

B. Accountability and Compliance

Deficit Fund Balances

Fund balances at June 30, 1999 included the following individual fund deficit:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Disadvantaged Pupil Impact Aid	\$ (14,893)

This GAAP deficit will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

C. Legal Compliance

The following fund accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Ohio Revised Code:

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

3. ACCOUNTABILITY AND COMPLIANCE (CONTINUED)

<u>Fund Type/Fund/Function</u>	<u>Excess</u>
<u>Capital Projects Fund</u>	
Emergency Building Repair	
Facilities Acquisition and Construction	\$ 177,413

Disclosure is presented at the function level within the fund rather than at the object level within the fund due to the practicality of determining these values.

The following funds had appropriations in excess of estimated revenues plus available balances for the fiscal year ended June 30, 1999:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Capital Projects Fund</u>	
Emergency Building Repair	\$ 26,178

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

4. EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

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

- A. 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;
- B. 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;
- C. 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;
- D. Bonds and other obligations of the State of Ohio;
- E. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- F. The State Treasurer's investment pool (STAR Ohio);
- G. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
- H. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

4. EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year end, the District had \$15 in undeposited cash on hand which is included on the Balance Sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

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

Deposits: At year end, the carrying amount of the District's deposits was \$63,902 and the bank balance was \$136,948 (both including the District's payroll clearance account as well as \$35,227 in non-negotiable certificates of deposit). The entire bank balance was covered by federal depository insurance.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999

4. EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

	<u>Category 3</u>	<u>Fair Value</u>
Repurchase agreement	\$ 323,612	\$ 323,612
U.S. Gov't Agency Securities	837,820	837,820
	<u>\$ 1,161,432</u>	
Not Subject to Categorization:		
Investments in STAR Ohio		557,450
Total Investments		\$ 1,718,882

The federal agency securities have maturities of August, 1999 through December, 2000.

The classification of cash and cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of equity in pooled cash and cash equivalents and investments on the combined balance sheet per GASB Statement No. 9, and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Equity in pooled cash and cash equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$ 1,782,799	
Reclassifications:		
Repurchase agreement	(323,612)	\$ 323,612
STAR Ohio	(557,450)	557,450
U.S. Gov't Agency securities	(837,820)	837,820
Less: Cash on hand	(15)	
Per GASB Statement No. 3	\$ 63,902	\$ 1,718,882

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

5. INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 1999, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund (Payable)</u>
General Fund	\$ 50,000	
<u>Special Revenue Funds</u>		
Auxiliary Services	5,000	
<u>Capital Projects Fund</u>		
Emergency Building Repair		\$ (55,000)
Total Interfund Receivables/Payables	\$ 55,000	\$ (55,000)

B. The following is a summarized breakdown of the District's operating transfers for 1999.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$ (250,525)
Debt Service Fund	\$ 93,525	
Capital Projects Funds	7,000	
Enterprise Funds	150,000	
Total Transfers In/Transfers (Out)	\$ 250,525	\$ (250,525)

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

6. PROPERTY TAXES (CONTINUED)

assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 1998 taxes were collected was \$135,143,276. Agricultural/Residential and public utility real estate represented 51.91% or \$70,147,300 of this total; Commercial & Industrial real estate represented 17.33% or \$23,421,880; public utility tangible 7.20% or \$9,727,690; and general tangible property 23.56% or \$31,846,406.

The voted tax rate for general operations for the fiscal year ended June 30, 1999 was \$47.95 per \$1,000.00 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of real tax advances of the August settlement available June 30) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. A total of \$1,473,870 was available to the District as an advance at June 30 and is recognized revenue.

7. RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (rent and student fees), interest, and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. A summary of the principal items of receivables follows:

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

7. RECEIVABLES (CONTINUED)

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current & delinquent	\$ 5,320,678
Accounts	23,910
Accrued interest	6,243
Interfund loan	50,000
Due from Other Governments	3,169
 <u>Special Revenue Funds</u>	
Accounts	306
Interfund loan	5,000
Due From Other Governments	84,048
 <u>Enterprise Funds</u>	
Due From Other Governments	63,178
 <u>Capital Projects Funds</u>	
Due From Other Governments	190,462

8. FIXED ASSETS

A summary of the changes in the General Fixed Asset Account Group during the fiscal year follows:

	<u>Balance July 1, 1998</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 1999</u>
Land/ Improvement	\$ 81,836			\$ 81,836
Buildings	4,693,178	\$ 112,580		4,805,758
Furniture/ Equipment	2,329,811	298,539		2,628,350
Vehicles	479,802	142,236		622,038
Textbooks	1,170,848	37,004		1,207,852
Construction in Progress		31,876		31,876
Total	\$ 8,755,475	\$ 622,235		\$ 9,377,710

The construction in progress represents heating, ventilation, and air conditioning projects at the high school. The projects are expected to be completed during fiscal year 2000.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

8. FIXED ASSETS (CONTINUED)

A summary of the Proprietary Funds fixed assets at June 30, 1999 follows:

	<u>Proprietary</u>
Furniture and Equipment	\$ 292,562
Less Accumulated Depreciation	<u>(259,582)</u>
Net Fixed Assets	<u>\$ 32,980</u>

9. CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District has entered into capitalized leases for the acquisition of a copier.

The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement No. 13 of the Financial Accounting Standards Board (FASB), "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Fund Types and Expendable Trust Funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 1999 fiscal year totaled \$21,278. This amount is reflected as debt service principal retirement in the General fund.

The following is an analysis of equipment leased under capital leases as of June 30, 1999:

	<u>General Fixed</u>
	<u>Assets</u>
Equipment	\$ 94,671
Carrying Value	<u>\$ 94,671</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

9. CAPITALIZED LEASES - LESSEE DISCLOSURE (CONTINUED)

General Long-Term Obligations

<u>Year Ending</u>	<u>Copiers</u>
2000	\$ 7,580
Total Minimum Lease Payments	7,580
Less: Amount Representing Interest	<u>(119)</u>
Present Value of Future Minimum Lease Payment	<u>\$ 7,461</u>

The District does not have capitalized lease obligations after fiscal year 2000.

10. NOTES PAYABLE

During fiscal 1999, the District retired \$285,000 in tax-anticipation note liability. The tax anticipation note was issued in anticipation of revenues from voted tax levies, in accordance with O.R.C. 5705.194. Proceeds have been used for general operating expenses of the District. This note is a general obligation of the District, for which the District's full faith and credit are pledged for repayment. This note is presented as a liability of the General Fund, which received the proceeds upon issuance.

The following is a description of the District's general obligation notes payable as of June 30, 1999:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Notes Outstanding 06/30/98</u>	<u>Additions In 1999</u>	<u>Retired In 1999</u>	<u>Notes Outstanding 06/30/99</u>
Tax Anticipation Note	4.35%	11/01/97	12/01/02	<u>\$1,575,000</u>	<u>\$1,575,000</u>	\$ _____	<u>\$285,000</u>	<u>\$1,290,000</u>
Total				<u>\$1,575,000</u>	<u>\$1,575,000</u>	\$ _____	<u>\$285,000</u>	<u>\$1,290,000</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

11. LONG-TERM OBLIGATIONS

On July 1, 1992, the District issued \$687,000 in Energy Conservation Notes, in accordance with the authority granted by H.B. 264. Energy conservation notes outstanding are long-term general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these notes are recorded as expenditures in the Debt Service fund; however, unlike general obligation bonds, H.B. 264 allows for the issuance of energy conservation notes without voter approval, and the subsequent repayment of the notes from operating revenues.

A. The following is a description of the District's long-term general obligation notes outstanding as of June 30, 1999:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 07/01/98</u>	<u>Retired In Fiscal 1999</u>	<u>Balance 06/30/99</u>
Energy Conservation Notes	5.70%	07/01/92	06/01/02	\$ 687,000	\$ 325,000	\$ 75,000	\$ 250,000
				<u>\$ 687,000</u>	<u>\$ 325,000</u>	<u>\$ 75,000</u>	<u>\$ 250,000</u>

B. The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

<u>Year Ending June 30</u>	<u>Principal On Energy Conservation Notes</u>	<u>Interest On Energy Conservation Notes</u>	<u>Total</u>
2000	\$ 80,000	\$ 14,250	\$ 94,250
2001	85,000	9,690	94,690
2002	<u>85,000</u>	<u>4,845</u>	<u>89,845</u>
Total	<u>\$ 250,000</u>	<u>\$ 28,785</u>	<u>\$ 278,785</u>

C. During the year ended June 30, 1999, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Groups. Compensated absences will ultimately be paid from the fund from which the employee is paid.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

11. LONG-TERM OBLIGATIONS (CONTINUED)

	<u>Balance</u> <u>July 1, 1998</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 1999</u>
Compensated Absences	\$ 766,487		\$ (91,688)	\$ 674,799
Energy Conservation Notes	325,000		(75,000)	250,000
Pension Benefit Obligation	73,585	\$ 77,281	(73,585)	77,281
Capital Leases	<u>28,739</u>		<u>(21,278)</u>	<u>7,461</u>
TOTAL	<u>\$1,193,811</u>	<u>\$ 77,281</u>	<u>\$(261,551)</u>	<u>\$1,009,541</u>

D. Legal Debt Margin

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

The effects of these debt limitations at June 30, 1999 are a voted debt margin of \$12,181,161 (including available funds of \$18,266) and an unvoted debt margin of \$135,143.

12. RISK MANAGEMENT

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.

Employee Benefits

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

While all benefit plans are traditionally-funded through common carriers, the Board's group health plan contains provisions for discounted amounts to be remitted to the carrier during the year (90% of the carrier-established premium for fiscal 1999), contingent upon the group's claims experience for the year. While the District has not retained risk for any claims, should the group's claim costs for the year exceed the threshold of the discounted amount remitted to the carrier during the year, the District must remit additional premium, to a maximum of the difference between the discounted premium and the full premium.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

12. RISK MANAGEMENT (CONTINUED)

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

Other Risk Coverage

The District has purchased property and casualty insurance from the Cincinnati Insurance Company; the policy's coverage maximum is \$33,000,000. General liability insurance, purchased from Nationwide Insurance Company, carries a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate. District-owned vehicle insurance is provided by Motorists Insurance Company, with a \$2,000,000 single occurrence limit; an umbrella policy for vehicles has also been purchased from Nationwide. Coverage limits are \$1,000,000 per occurrence, \$5,000,000 aggregate.

OSBA WORKER'S COMPENSATION GROUP RATING

The District is a member of the OSBA Worker's Compensation Group Rating Program established in April 1991. The program was created by the Ohio Schools Boards Association as a result of the Workers' Compensation group rating plan as defined in 4123.29, Ohio Revised Code. The group rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. The District paid \$2,517 in administrative fees during fiscal year 1999.

METROPOLITAN EDUCATIONAL COUNCIL PURCHASING GROUP

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.

13. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three Enterprise funds to account for the operations of food service, uniform school supplies, and preschool programs. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 1999.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

13. SEGMENT INFORMATION - ENTERPRISE FUNDS (CONTINUED)

	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Preschool</u>	<u>Total</u>
Operating Revenue	\$ 355,525	\$ 16,445	\$ 19,885	\$ 391,855
Depreciation	1,334		679	2,013
Operating (Loss) Income	(361,127)	(2,558)	1,484	(362,201)
Operating Grants	278,191			278,191
Net (Loss) Income	96,948	(2,558)	2,069	96,459
Net Working Capital	100,310	11,710	29,584	141,604
Total Assets	216,465	11,883	33,696	262,044
Long-term liabilities payable from fund revenues	31,270			31,270
Encumbrances Outstanding as of 6/30/99	15,079	175		15,254

14. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 1999; 9.02 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

14. DEFINED BENEFIT PENSION PLANS (CONTINUED)

required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$252,427, \$198,128, and \$205,938, respectively; 51 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$122,664, which represents the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$891,365, \$849,402, and \$781,620, respectively; 84 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$142,056, which represents the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999 three members of the Board of Education have elected Social Security and two have elected SERS. The Board's liability is 6.2 percent of wages paid.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

15. POSTEMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$222,841 during the 1999 fiscal year. As of July 1, 1999, eligible benefit recipients totaled 91,999. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000.

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, equaled \$115,129 during the 1999 fiscal year. The number of participants currently receiving health care benefits is 50,000. For the fiscal year ended June 30, 1998, net health care costs paid by SERS were \$111,900,575.

16. BUDGETARY BASIS OF ACCOUNTING

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

16. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Budget Basis	\$ (448,284)	\$ (166,190)		\$ (282,169)
Net Adjustment for Revenue Accruals	95,476	65,331		190,461
Net Adjustment for Expenditure Accruals	(174,235)	(12,110)	\$347,314	(30,982)
Net Adjustment for Other Sources/Uses	307,609	21,217	(347,314)	(40,000)

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

16. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
Net Adjustment for Funds Reclassification	12,978	(10,180)		(19)
Adjustment for Encumbrances	84,716	29,897		193,378
GAAP Basis	<u>\$ (121,740)</u>	<u>\$ (72,035)</u>	<u>\$ 0</u>	<u>\$ 30,669</u>

17. CONTINGENT LIABILITIES

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

B. Litigation

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

C. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received a total of \$5,160,250 in school foundation support.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999**

17. CONTINGENT LIABILITIES (CONTINUED)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of November 3, 1999, the Ohio Supreme Court had not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 1999**

YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System [EMIS]).

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits and the State of Ohio Equipment Inventory System for its fixed assets accounting. The State is responsible for remediating these systems.

A letter dated February 19, 1998, from the Ohio Department of Education, Division of Information Management Services, State Software Development Team, addressed to All Users of the OECN State Software and Interested Parties, provided the following concerning the status of the OECN State Software in regards to the compliance requirements for the Year 2000.

- The payroll processing software supported with the OECN State Software is compliant with the Year 2000 beginning with the September 1997 release of USPS V4.0.
- The accounting software supported with the OECN State Software will be compliant with the Year 2000, beginning with the June 1998 release of USAS V6.1.
- The education management information system software supported with the OECN State Software will be compliant with the Year 2000 beginning with the September 1998 release of EMIS V1.7.

Crawford County collects property taxes for distribution to the District. Crawford County is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the District in the form of basic state aid "school foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 1999**

YEAR 2000 ISSUE (CONTINUED)

Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

**Norman
Jones
Enlow
& Co.**

Certified Public Accountants
& Management Consultants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Education
Bucyrus City School District
Crawford County
Bucyrus, Ohio**

We have audited the general purpose financial statements of the Bucyrus City School District as of and for the year ended June 30, 1999, and have issued our report thereon dated November 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated November 3, 1999.

Internal Control Over Financial Reporting

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

This report is intended for the information of management and the Board of Education, 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.

Norman, Jones, Enlow & Co.
Norman, Jones, Enlow & Co.
Dublin, Ohio
November 3, 1999

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

**Board of Education
Bucyrus City School District
Crawford County
Bucyrus, Ohio**

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 year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to 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 the 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 the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the 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 the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely

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period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Board of Education, 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.

Norman, Jones, Eulow & Co.

Norman, Jones, Eulow & Co.

Dublin, Ohio

November 3, 1999

BUCYRUS CITY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
Year Ended June 30, 1999

<u>Federal Grantor/Pass through Grantor (State Agency)/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
U.S. DEPARTMENT OF AGRICULTURE/ Passed through Ohio Department of Education:						
Child Nutrition Cluster:						
Food Distribution	NN-N1	10.550		\$ 19,287		\$ 20,590
National School Breakfast Program	NN-N2	10.553	\$ 33,483		\$ 33,483	
National School Lunch Program	NN-N3	10.555	157,029		157,029	
School Food Services - Special Milk	NN-N4	10.556	2,020		2,020	
School Food Services - Summer Feeding	NN-N5	10.559	2,625		2,625	
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>195,157</u>	<u>19,287</u>	<u>195,157</u>	<u>20,590</u>
U.S. DEPARTMENT OF LABOR Passed through Ohio Department of Education:						
School to Work Opportunities Program		17.249	6,000		3,929	
Total U.S. Department of Labor			<u>6,000</u>	<u>-</u>	<u>3,929</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION/ Passed through Ohio Department of Education:						
Special Education Cluster:						
Title VI-B	NN-N8	84.027	103,232		115,099	
Special Education Preschool	NN-N11	84.173	9,633		9,648	
Total U.S. Department of Education - Special Education Cluster			<u>112,865</u>		<u>124,747</u>	
Title I	NN-N7	84.010	270,647		427,993	
Chapter II	NN-N9	84.151	8,234		4,640	
Eisenhower Math and Science	NN-N10	84.164	13,330		15,448	
Drug Free Schools	NN-N12	84.186	10,347		5,575	
Telecommunications "FCC E-Rate"		none	20,853		-	
Total U.S. Department of Education			<u>436,276</u>	<u>-</u>	<u>578,403</u>	<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 637,433</u>	<u>\$ 19,287</u>	<u>\$ 777,489</u>	<u>\$ 20,590</u>

Notes to Schedule of Federal Awards Expenditures for the Year Ended June 30, 1999

NOTE A - Significant Accounting Policies

The accompanying Schedule of Awards Expenditures is a summary of the activity of the District's federal awards program. The schedule has been prepared on the cash basis of accounting.

NOTE B - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed and are not reflected in the accompanying financial statements. At June 30, 1999, the District had no significant food commodities in inventory.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 1999**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list)	Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

No Findings To Be Reported

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
CFDA Title and Number	None
Federal Award Number/Year	None
Federal Agency	None
Pass-Through Agency	None

Bucyrus City School District
Conclusion Statement

The audit report was reviewed with Acting Superintendent, Fred Schnoor; Treasurer, Patty Beale; and Treasurer's Assistants, Judy Grochowalski, Roxanne Shipman, and Deb Crabaugh on December 8, 1999.

Ms. Beale was informed the School District had five working days, (until December 15, 1999), from the date of the exit conference to respond to, or contest, in writing, the report contents. No response was received.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*

Date: **JAN 13 2000**