

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY
Single Audit
For the Fiscal Year Ended June 30, 2014**

Perry & Associates
Certified Public Accountants, A.C



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Bucyrus City School District, Crawford County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 9, 2015

This page intentionally left blank.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	21
Statement of Net Position – Proprietary Funds.....	22
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Statement of Fiduciary Net Position – Fiduciary Funds	25
Statement of Change in Fiduciary Net Position – Fiduciary Funds	26
Notes to the Basic Financial Statements	27
Schedule of Receipts and Expenditures of Federal Awards.....	60
Notes to the Schedule of Receipts and Expenditures of Federal Awards	61
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	62

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	64
Schedule of Audit Findings – OMB Circular A -133 § .505	66

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT AUDITOR'S REPORT

November 26, 2014

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Bucyrus City School District**, Crawford County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bucyrus City School District, Crawford County, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Receipts and Expenditures of Federal Awards presents additional analysis as required by the 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 financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

The management's discussion and analysis of Bucyrus City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net position decreased \$639,031. Net position of governmental activities decreased \$650,481, which represents a 2.18% decrease from 2013. Net position of business-type activities increased \$11,450 or 96.35% from 2013.
- General revenues accounted for \$13,875,218 in revenue or 76.9% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$4,160,240 or 23.1% of total governmental activities revenues of \$18,035,458.
- The School District had \$18,685,939 in expenses related to governmental activities; only \$4,160,240 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of \$13,875,218 were used to provide for these programs.
- The School District's major governmental funds are the general fund and bond retirement fund. The general fund had \$14,793,392 in revenues and \$15,693,195 in expenditures and other financing uses. The fund balance of the general fund decreased from a balance of \$5,241,675 to \$4,341,872.
- The School District's other major governmental fund is the bond retirement fund. The bond retirement fund had \$3,153,774 in revenues and other financing sources and \$3,055,309 in expenditures and other financing uses. The fund balance of the bond retirement fund increased from \$615,474 to \$713,939.

Using this Financial Report

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The School District has two major governmental funds: the general fund and the bond retirement fund. The general fund is by far the most significant fund.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* except for fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the School District is divided into two distinct kinds of activities:

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

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

The School District's statement of net position and statement of activities can be found on pages 14-16 of this report.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

Proprietary Funds

There are two types of proprietary funds: enterprise funds and internal service funds. The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the School District as a whole. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for employee benefits self-insurance. The proprietary fund financial statements can be found on pages 22-24 of this report.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 25 and 26. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-59 of this report.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position for 2014 and 2013.

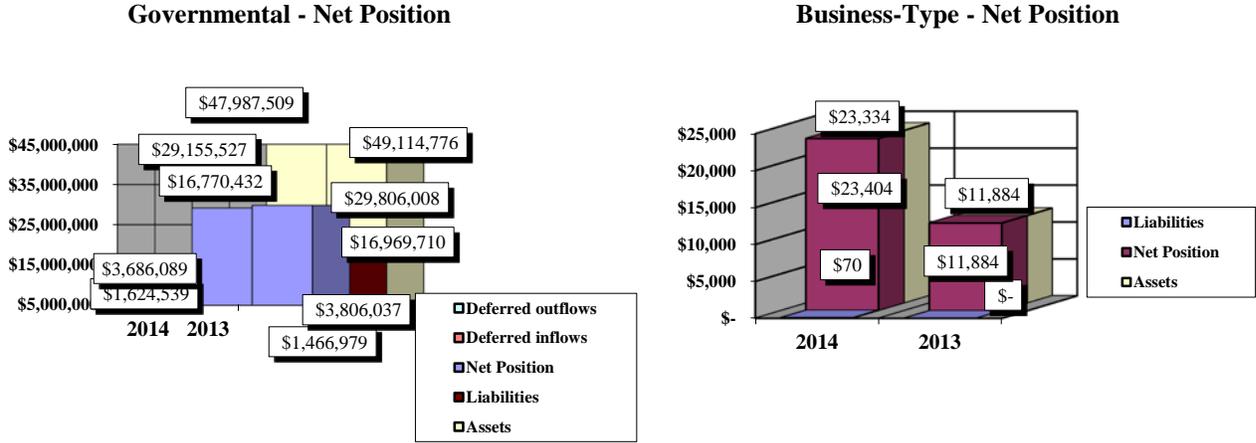
	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<u>Assets</u>						
Current assets	\$ 12,282,154	\$ 13,666,574	\$ 23,404	\$ 11,884	\$ 12,305,558	\$ 13,678,458
Capital assets, net	<u>35,705,355</u>	<u>35,448,202</u>	<u>-</u>	<u>-</u>	<u>35,705,355</u>	<u>35,448,202</u>
Total assets	<u>47,987,509</u>	<u>49,114,776</u>	<u>23,404</u>	<u>11,884</u>	<u>48,010,913</u>	<u>49,126,660</u>
<u>Deferred outflows of resources</u>						
Unamortized deferred charges on debt refunding	<u>1,624,539</u>	<u>1,466,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,466,979</u>
Total deferred outflows of resources	<u>1,624,539</u>	<u>1,466,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,466,979</u>
<u>Liabilities</u>						
Current liabilities	1,954,570	2,184,653	70	-	1,954,640	2,184,653
Long-term liabilities	<u>14,815,862</u>	<u>14,785,057</u>	<u>-</u>	<u>-</u>	<u>14,815,862</u>	<u>14,785,057</u>
Total liabilities	<u>16,770,432</u>	<u>16,969,710</u>	<u>70</u>	<u>-</u>	<u>16,770,502</u>	<u>16,969,710</u>
<u>Deferred inflows of resources</u>						
Property taxes levied for the next fiscal year	3,642,516	3,761,678	-	-	3,642,516	3,761,678
PILOTS levied for the next fiscal year	<u>43,573</u>	<u>44,359</u>	<u>-</u>	<u>-</u>	<u>43,573</u>	<u>44,359</u>
Total deferred inflows of resources	<u>3,686,089</u>	<u>3,806,037</u>	<u>-</u>	<u>-</u>	<u>3,686,089</u>	<u>3,806,037</u>
<u>Net Position</u>						
Net investment in capital assets	23,880,143	23,546,025	-	-	23,880,143	23,546,025
Restricted	1,029,982	1,950,078	-	-	1,029,982	1,950,078
Unrestricted	<u>4,245,402</u>	<u>4,309,905</u>	<u>23,334</u>	<u>11,884</u>	<u>4,268,736</u>	<u>4,321,789</u>
Total net position	<u>\$ 29,155,527</u>	<u>\$ 29,806,008</u>	<u>\$ 23,334</u>	<u>\$ 11,884</u>	<u>\$ 29,178,861</u>	<u>\$ 29,817,892</u>

Total governmental activities net position decreased by \$650,481.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

The graph below shows the School District's assets, liabilities and net position at June 30, 2014 and 2013.



The table below shows the changes in net position for fiscal years 2014 and 2013.

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services and sales	\$ 974,032	\$ 926,925	\$ 11,928	\$ 7,854	\$ 985,960	\$ 934,779
Operating grants and contributions	3,186,208	3,356,344	-	-	3,186,208	3,356,344
General revenues:						
Property taxes	4,791,748	4,358,537	-	-	4,791,748	4,358,537
Payments in lieu of taxes	44,359	45,131	-	-	44,359	45,131
Grants and entitlements not restricted	8,980,482	8,233,759	-	-	8,980,482	8,233,759
Investment earnings	23,998	27,477	-	-	23,998	27,477
Miscellaneous	34,631	245,204	-	-	34,631	245,204
Total revenues	18,035,458	17,193,377	11,928	7,854	18,047,386	17,201,231

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Expenses						
Program expenses:						
Instruction:						
Regular	\$ 6,271,298	\$ 8,061,074	\$ -	\$ -	\$ 6,271,298	\$ 8,061,074
Special	2,645,566	2,115,899	-	-	2,645,566	2,115,899
Vocational	27,174	33,723	-	-	27,174	33,723
Other	2,859,797	-	-	-	2,859,797	-
Support services:						
Pupil	617,043	888,755	-	-	617,043	888,755
Instructional staff	171,672	1,088,680	-	-	171,672	1,088,680
Board of education	62,468	99,527	-	-	62,468	99,527
Administration	1,308,881	1,507,287	-	-	1,308,881	1,507,287
Fiscal	496,345	445,699	-	-	496,345	445,699
Business	534,735	87,497	-	-	534,735	87,497
Operations and maintenance	908,631	2,031,114	-	-	908,631	2,031,114
Pupil transportation	329,116	346,972	-	-	329,116	346,972
Central	234,842	208,014	-	-	234,842	208,014
Operation of non-instructional services:						
Food service operations	1,133,166	1,096,049	-	-	1,133,166	1,096,049
Other non-instructional services	108,481	-	-	-	108,481	-
Extracurricular activities	563,916	476,899	-	-	563,916	476,899
Interest and fiscal charges	412,808	325,791	-	-	412,808	325,791
Early childhood development	-	-	478	2,504	478	2,504
Total expenses	<u>18,685,939</u>	<u>18,812,980</u>	<u>478</u>	<u>2,504</u>	<u>18,686,417</u>	<u>18,815,484</u>
Changes in net position	(650,481)	(1,619,603)	11,450	5,350	(639,031)	(1,614,253)
Net position at beginning of year	<u>29,806,008</u>	<u>31,425,611</u>	<u>11,884</u>	<u>6,534</u>	<u>29,817,892</u>	<u>31,432,145</u>
Net position at end of year	<u>\$ 29,155,527</u>	<u>\$ 29,806,008</u>	<u>\$ 23,334</u>	<u>\$ 11,884</u>	<u>\$ 29,178,861</u>	<u>\$ 29,817,892</u>

Governmental Activities

Net position of the School District's governmental activities decreased \$650,481. Total governmental expenses of \$18,685,939 were offset by program revenues of \$4,160,240, and general revenues of \$13,875,218. Program revenues supported 22.26% of the total governmental expenses.

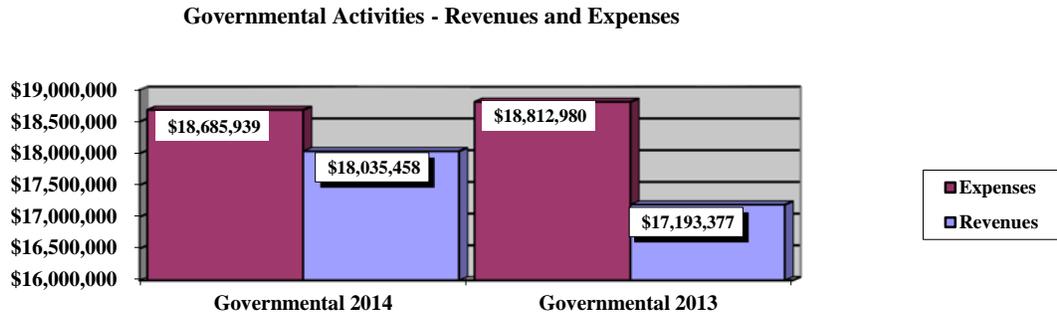
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 76.36% of total governmental revenue.

The largest expense of the School District is for instructional programs. Instruction expenses totaled \$11,803,835 or 63.17% of total governmental expenses for fiscal year 2014.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

The graph below presents the School District's governmental activities revenue and expenses for fiscal years 2014 and 2013.



The statement of activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

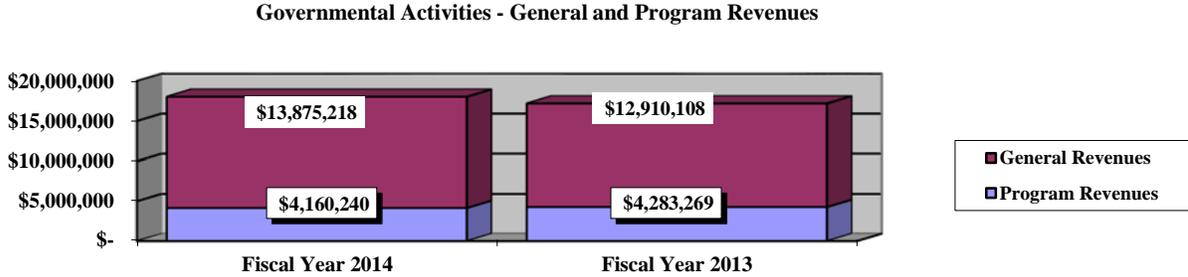
	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Program expenses:				
Instruction:				
Regular	\$ 6,271,298	\$ 5,384,701	\$ 8,061,074	\$ 7,454,698
Special	2,645,566	660,664	2,115,899	(90,576)
Vocational	27,174	27,174	33,723	(11,178)
Other	2,859,797	2,859,797	-	-
Support services:				
Pupil	617,043	590,331	888,755	661,016
Instructional staff	171,672	86,461	1,088,680	1,088,680
Board of education	62,468	62,468	99,527	99,527
Administration	1,308,881	1,297,923	1,507,287	1,507,287
Fiscal	496,345	496,345	445,699	445,699
Business	534,735	534,735	87,497	87,497
Operations and maintenance	908,631	901,068	2,031,114	2,031,114
Pupil transportation	329,116	329,116	346,972	319,503
Central	234,842	214,272	208,014	208,014
Operation of non-instructional services:				
Food service operations	1,133,166	154,108	1,096,049	27,179
Other non-instructional services	108,481	75,646	-	-
Extracurricular activities	563,916	438,082	476,899	375,460
Interest and fiscal charges	412,808	412,808	325,791	325,791
Total expenses	<u>\$ 18,685,939</u>	<u>\$ 14,525,699</u>	<u>\$ 18,812,980</u>	<u>\$ 14,529,711</u>

The dependence upon tax revenues during fiscal year 2014 for governmental activities is apparent, as 75.67% of 2014 instruction activities are supported through taxes and other general revenues. The School District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the School District's students.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

The graph below presents the School District's governmental activities revenue for fiscal years 2014 and 2013.



Business-Type Activities

Business-type activities include early childhood development operations. This program had revenues of \$11,928 and expenses of \$478 for fiscal year 2014. The School District's business-type activities do not receive support from tax revenues.

The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$5,208,860, which is \$1,948,953 less than last year's total of \$7,157,813. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance <u>June 30, 2014</u>	Fund Balance <u>June 30, 2013</u>	Increase <u>(Decrease)</u>
General	\$ 4,341,872	\$ 5,241,675	\$ (899,803)
Bond retirement	713,939	615,474	98,465
Other governmental	<u>153,049</u>	<u>1,300,664</u>	<u>(1,147,615)</u>
Total	<u>\$ 5,208,860</u>	<u>\$ 7,157,813</u>	<u>\$ (1,948,953)</u>

General Fund

The School District's general fund balance decreased \$899,803 during fiscal year 2014. The table that follows assists in illustrating the revenues of the general fund. This decrease was the result of a change in the accounting for the health insurance funding. During fiscal year 2014, the School District established an internal service fund for health insurance and transferred reserve funds from the general fund to the internal service fund to appropriately fund the account. This resulted in a decrease in fund balance in the general fund and an increase in the internal service fund balance.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 3,850,774	\$ 3,663,409	5.11 %
Intergovernmental	10,245,833	9,358,093	9.49 %
Other revenues	<u>696,785</u>	<u>722,031</u>	(3.50) %
 Total	 <u>\$ 14,793,392</u>	 <u>\$ 13,743,533</u>	 7.64 %

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 9,994,514	\$ 8,684,879	15.08 %
Support services	4,325,880	5,100,534	(15.19) %
Extracurricular activities	<u>351,849</u>	<u>322,456</u>	9.12 %
 Total	 <u>\$ 14,672,243</u>	 <u>\$ 14,107,869</u>	 4.00 %

Instruction expenditures increased primarily due to an increase in the number of students attending an alternative education program provided by an educational service center.

Bond Retirement Fund

The School District's other major governmental fund is the bond retirement fund. The bond retirement fund had \$3,153,774 in revenues and other financing sources and \$3,055,309 in expenditures and other financing uses. The fund balance of the bond retirement fund increased from \$615,474 to \$713,939. The primary revenue source of the fund is property taxes and homestead and rollback that is used to pay debt service payments. During fiscal year 2014, the School District refunded a portion of the 2007 general obligation bonds. This refunding resulted in a one-time increase of both other financing sources and other financing uses.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the School District amended its general fund budget. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$320,456 below actual revenues and other financing sources of \$14,744,734. The original budgeted revenues and other financing sources were \$497,986 lower than final budgeted revenues and other financing sources.

General fund final appropriations and other financing uses were \$16,160,052. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$15,412,033, which was \$748,019 less than the final budget appropriations. The final appropriations were \$508,400 greater than the original appropriations.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$35,705,355 invested in land, land/improvements, buildings/improvements, furniture/equipment, and vehicles. The following table shows fiscal year 2014 balances compared to 2013:

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

	Governmental Activities	
	2014	2013
Land	\$ 706,175	\$ 424,160
Construction in progress	-	50,840
Land/improvements	532,918	73,806
Building/improvements	33,652,634	34,251,042
Furniture/equipment	550,431	409,263
Vehicles	263,197	239,091
Total	\$ 35,705,355	\$ 35,448,202

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

Debt Administration

At June 30, 2014 the School District had \$11,588,747 in general obligation bonds and lease purchase agreements outstanding. The general obligation bonds are comprised of current issue bonds and capital appreciation bonds. Of this total debt outstanding, \$589,499 is due within one year and \$10,999,248 is due in more than one year. The table on the following page summarizes the bonds and leases outstanding:

Outstanding Debt, at June 30

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
Current interest bonds	\$ 11,125,000	\$ 11,535,000
Capital appreciation bonds	259,999	240,000
Capital appreciation bonds - accreted interest	68,733	7,360
Lease purchase agreements	135,015	-
Total	\$ 11,588,747	\$ 11,782,360

See Note 11 to the basic financial statements for detail on the School District's debt administration.

Current Issues

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)

- 1) Crawford County will go through a reappraisal update in the 2015 tax year to be collected in FY16. A complete reappraisal occurred in tax year 2012 for collection in FY13, which lowered assessed values by \$15.98 million or a decrease of (-11.5%). In 2015 our School District is expecting to remain flat in terms of valuation changes as property values are starting to recover in our state. There is however some risk that the School District could sustain another reduction in values but we do not anticipate that at this time.
- 2) The State Budget represents nearly 69% of School District revenues. It is clearly the area where the largest risk could come to revenue. The risk comes in FY16 and beyond if the state economy worsens or if the currently adopted HB59 state funding formula is changed to reduce funding to our School District. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to School District funding.
- 3) The state budget eliminated tangible personal property (TPP) fixed rate reimbursement to the School District after FY12. This was an area of uncertainty that was cleared up by abruptly eliminating the funding source to the School District. This represents no further risk to the School District. The School District will continue to receive its TPP fixed sum reimbursement of \$152,334 as long as the substitute emergency levy is in effect.
- 4) There are many provisions in the current state budget bill HB59 that will increase the School District expenditures in the form of expanded EdChoice Scholarships in the 2016-17 school years and the new Income Base Voucher Program in FY14. These are examples of new choice program in the current state budget that could increase costs as well. Expansion of programs such as these could expose the School District to new expenditures that are not currently in the forecast. We are monitoring any new threats to our state aid and increased costs very closely.
- 5) Patient Protection and Affordable Care Act (PPACA) – This program was approved March 23, 2010 along with the Health Care and Education Reconciliation Act. Many of the provision of this federal statute were supposed to be implemented January 1, 2014 but were delayed until January 1, 2015. We are aware of additional taxes that will be assessed on the School District January 1, 2015 which could increase costs by as much as 2%. There is the additional risk that costs will go up as additional employees are added to our health care rolls. Rules for the PPACA are in flux at this time and we are tracking them closely. Future uncertainty over rules and implementation of PPACA is an elevated risk to School District costs. We continue to monitor the rules and implementation as this significant change to health care evolves.
- 6) Labor relations in the School District have been very amicable with all parties working for the best interest of students and realizing the resource challenges the School District faces. We believe as the School District moves forward a strong working relationship will continue.

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

Contacting the School District's Financial Management

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

This page intentionally left blank.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents.	\$ 5,871,612	\$ 23,404	\$ 5,895,016
Receivables:			
Property taxes	6,097,119	-	6,097,119
Payment in lieu of taxes	43,573	-	43,573
Accrued interest	8,759	-	8,759
Intergovernmental	228,600	-	228,600
Materials and supplies inventory.	5,920	-	5,920
Inventory held for resale.	26,571	-	26,571
Capital assets:			
Nondepreciable capital assets	706,175	-	706,175
Depreciable capital assets, net.	34,999,180	-	34,999,180
Capital assets, net	<u>35,705,355</u>	<u>-</u>	<u>35,705,355</u>
Total assets.	<u>47,987,509</u>	<u>23,404</u>	<u>48,010,913</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	1,624,539	-	1,624,539
Total deferred outflows of resources	<u>1,624,539</u>	<u>-</u>	<u>1,624,539</u>
Liabilities:			
Accounts payable.	195,977	70	196,047
Accrued wages and benefits payable	1,145,604	-	1,145,604
Pension obligation payable.	254,838	-	254,838
Intergovernmental payable	81,466	-	81,466
Accrued interest payable	24,685	-	24,685
Claims payable.	252,000	-	252,000
Long-term liabilities:			
Due within one year.	786,046	-	786,046
Due in more than one year.	14,029,816	-	14,029,816
Total liabilities	<u>16,770,432</u>	<u>70</u>	<u>16,770,502</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	3,642,516	-	3,642,516
Discretionary.	43,573	-	43,573
Total deferred inflows of resources	<u>3,686,089</u>	<u>-</u>	<u>3,686,089</u>
Net position:			
Net investment in capital assets	23,880,143	-	23,880,143
Restricted for:			
Capital projects	157,412	-	157,412
Classroom facilities maintenance	111,779	-	111,779
Debt service.	703,997	-	703,997
Locally funded programs	224	-	224
State funded programs.	9,348	-	9,348
Student activities	47,222	-	47,222
Unrestricted.	4,245,402	23,334	4,268,736
Total net position.	<u>\$ 29,155,527</u>	<u>\$ 23,334</u>	<u>\$ 29,178,861</u>

See the Accompanying Notes to the Basic Financial Statements

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 6,271,298	\$ 577,598	\$ 308,999
Special	2,645,566	-	1,984,902
Vocational	27,174	-	-
Other	2,859,797	-	-
Support services:			
Pupil	617,043	-	26,712
Instructional staff	171,672	-	85,211
Board of education	62,468	-	-
Administration	1,308,881	-	10,958
Fiscal	496,345	-	-
Business	534,735	-	-
Operations and maintenance	908,631	7,563	-
Pupil transportation	329,116	-	-
Central	234,842	-	20,570
Operation of non-instructional services:			
Other non-instructional services	108,481	-	32,835
Food service operations	1,133,166	273,546	705,512
Extracurricular activities	563,916	115,325	10,509
Interest and fiscal charges	412,808	-	-
Total governmental activities	<u>18,685,939</u>	<u>974,032</u>	<u>3,186,208</u>
Business-type activities:			
Special enterprise	478	11,928	-
Total business-type activities	<u>478</u>	<u>11,928</u>	<u>-</u>
Totals	<u>\$ 18,686,417</u>	<u>\$ 985,960</u>	<u>\$ 3,186,208</u>

General revenues:

Property taxes levied for:

General purposes

Debt service

Classroom facilities maintenance.

Permanent improvement

Payments in lieu of taxes

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

Governmental Activities	Business-Type Activities	Total
\$ (5,384,701)	\$ -	\$ (5,384,701)
(660,664)	-	(660,664)
(27,174)	-	(27,174)
(2,859,797)	-	(2,859,797)
(590,331)	-	(590,331)
(86,461)	-	(86,461)
(62,468)	-	(62,468)
(1,297,923)	-	(1,297,923)
(496,345)	-	(496,345)
(534,735)	-	(534,735)
(901,068)	-	(901,068)
(329,116)	-	(329,116)
(214,272)	-	(214,272)
(75,646)	-	(75,646)
(154,108)	-	(154,108)
(438,082)	-	(438,082)
(412,808)	-	(412,808)
(14,525,699)	-	(14,525,699)
-	11,450	11,450
-	11,450	11,450
(14,525,699)	11,450	(14,514,249)
3,949,619	-	3,949,619
737,639	-	737,639
52,245	-	52,245
52,245	-	52,245
44,359	-	44,359
8,980,482	-	8,980,482
23,998	-	23,998
34,631	-	34,631
13,875,218	-	13,875,218
(650,481)	11,450	(639,031)
29,806,008	11,884	29,817,892
\$ 29,155,527	\$ 23,334	\$ 29,178,861

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 4,000,023	\$ 421,109	\$ 407,193	\$ 4,828,325
Receivables:				
Property taxes.	5,115,737	848,688	132,694	6,097,119
Payment in lieu of taxes	43,573	-	-	43,573
Accrued interest	8,759	-	-	8,759
Intergovernmental.	138,107	-	90,493	228,600
Materials and supplies inventory.	-	-	5,920	5,920
Due from other funds	90,492	-	-	90,492
Inventory held for resale.	-	-	26,571	26,571
Equity in pooled cash and cash equivalents	5,605	-	-	5,605
Total assets	<u>9,402,296</u>	<u>1,269,797</u>	<u>662,871</u>	<u>11,334,964</u>
Liabilities:				
Accounts payable	45,950	-	124,548	170,498
Accrued wages and benefits payable	985,710	-	159,894	1,145,604
Compensated absences payable	49,789	-	1,605	51,394
Intergovernmental payable	71,273	-	10,193	81,466
Pension obligation payable	222,610	-	32,228	254,838
Due to other funds	-	-	90,492	90,492
Total liabilities.	<u>1,375,332</u>	<u>-</u>	<u>418,960</u>	<u>1,794,292</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	3,091,198	472,382	78,936	3,642,516
Delinquent property tax revenue not available.	443,629	83,476	11,926	539,031
Accrued interest not available.	741	-	-	741
Intergovernmental revenue not available	105,951	-	-	105,951
Payments in lieu of taxes levied for the next fiscal year.	43,573	-	-	43,573
Total deferred inflows of resources	<u>3,685,092</u>	<u>555,858</u>	<u>90,862</u>	<u>4,331,812</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	5,920	5,920
Restricted:				
Debt service	-	713,939	-	713,939
Capital improvements	-	-	151,449	151,449
Classroom facilities maintenance	-	-	105,816	105,816
Non-public schools	-	-	7,548	7,548
Extracurricular.	-	-	47,222	47,222
Other purposes.	-	-	2,024	2,024
Assigned:				
Student and staff support.	305,037	-	-	305,037
Subsequent year's appropriations	631,274	-	-	631,274
Unassigned	3,405,561	-	(166,930)	3,238,631
Total fund balances	<u>4,341,872</u>	<u>713,939</u>	<u>153,049</u>	<u>5,208,860</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,402,296</u>	<u>\$ 1,269,797</u>	<u>\$ 662,871</u>	<u>\$ 11,334,964</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014

Total governmental fund balances		\$	5,208,860
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			35,705,355
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	539,031	
Accrued interest receivable		741	
Intergovernmental receivable		105,951	
Total		105,951	645,723
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			760,203
Unamortized premiums on bonds issued are not recognized in the funds.			(1,929,737)
Unamortized amounts on refundings are not recognized in the funds.			1,624,539
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(24,685)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(11,453,732)	
Lease purchase obligations		(135,015)	
Compensated absences		(1,245,984)	
Total		(12,834,731)	(12,834,731)
Net position of governmental activities		\$	29,155,527

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 3,850,774	\$ 709,749	\$ 102,266	\$ 4,662,789
Payment in lieu of taxes	44,359	-	-	44,359
Tuition.	580,957	-	-	580,957
Earnings on investments	24,747	-	16	24,763
Charges for services	-	-	273,546	273,546
Extracurricular.	2,466	-	112,859	115,325
Classroom materials and fees	2,062	-	-	2,062
Rental income	7,563	-	-	7,563
Contributions and donations	2,597	-	1,370	3,967
Other local revenues	32,034	-	9,139	41,173
Intergovernmental - intermediate	40,550	-	-	40,550
Intergovernmental - state	9,907,716	116,709	105,269	10,129,694
Intergovernmental - federal	297,567	-	1,745,182	2,042,749
Total revenues	14,793,392	826,458	2,349,647	17,969,497
Expenditures:				
Current:				
Instruction:				
Regular.	5,240,515	-	372,075	5,612,590
Special	1,891,362	-	646,236	2,537,598
Vocational	2,840	-	-	2,840
Other	2,859,797	-	-	2,859,797
Support services:				
Pupil	584,387	-	41,111	625,498
Instructional staff	45,993	-	108,958	154,951
Board of education	62,468	-	-	62,468
Administration	1,233,026	-	18,012	1,251,038
Fiscal	458,721	20,877	3,294	482,892
Business.	532,886	-	132,486	665,372
Operations and maintenance	870,282	-	686,190	1,556,472
Pupil transportation	308,869	-	-	308,869
Central	229,248	-	5,979	235,227
Operation of non-instructional services:				
Other operation of non-instructional.	-	-	61,407	61,407
Food service operations.	-	-	1,068,578	1,068,578
Extracurricular activities	351,849	-	141,078	492,927
Capital outlay	-	-	282,015	282,015
Debt service:				
Principal retirement.	-	390,000	147,000	537,000
Interest and fiscal charges	-	317,115	-	317,115
Bond issuance costs	-	59,899	-	59,899
Total expenditures	14,672,243	787,891	3,714,419	19,174,553
Excess (deficiency) of revenues over (under) expenditures.	121,149	38,567	(1,364,772)	(1,205,056)
Other financing sources (uses):				
Premium on bonds.	-	312,317	-	312,317
Sale of refunding bonds.	-	2,014,999	-	2,014,999
Transfers in.	-	-	200,000	200,000
Transfers (out)	(1,020,952)	-	(264,858)	(1,285,810)
Capital lease transaction	-	-	282,015	282,015
Payment to refunded bond escrow agent.	-	(2,267,418)	-	(2,267,418)
Total other financing sources (uses)	(1,020,952)	59,898	217,157	(743,897)
Net change in fund balances	(899,803)	98,465	(1,147,615)	(1,948,953)
Fund balances at beginning of year.	5,241,675	615,474	1,300,664	7,157,813
Fund balances at end of year.	\$ 4,341,872	\$ 713,939	\$ 153,049	\$ 5,208,860

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds	\$	(1,948,953)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,185,214	
Current year depreciation	(928,061)	
Total		257,153
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	128,959	
Tuition	(5,421)	
Earnings on investments	(749)	
Intergovernmental	(41,794)	
Total		80,995
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		537,000
Issuances of bonds and capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(2,297,014)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	2,015,000	
Deferred charges on refundings	252,418	
Total		2,267,418
Premiums on bonds related to the issuance of bonds are amortized over the life of the issuance in the statement of activities.		
		(312,317)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	6,972	
Accreted interest on capital appreciation bonds	(61,373)	
Amortization of bond premiums	33,954	
Amortization of deferred charges	(15,347)	
Total		(35,794)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		40,828
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		
		760,203
Change in net position of governmental activities	\$	(650,481)

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
From local sources:				
Property taxes	\$ 3,895,365	\$ 3,806,964	\$ 3,806,964	\$ -
Tuition.	524,683	549,410	580,992	31,582
Earnings on investments	22,465	22,465	23,897	1,432
Classroom materials and fees	1,063	2,984	2,062	(922)
Rental income	6,441	4,715	5,041	326
Contributions and donations	75	75	-	(75)
Other local revenues	28,158	28,639	34,800	6,161
Intergovernmental - intermediate	88,203	87,431	84,909	(2,522)
Intergovernmental - state	9,282,459	9,634,491	9,909,738	275,247
Intergovernmental - federal	68,114	256,184	265,411	9,227
Total revenues	13,917,026	14,393,358	14,713,814	320,456
Expenditures:				
Current:				
Instruction:				
Regular	6,000,551	5,904,877	5,423,127	481,750
Special.	2,044,212	2,216,803	1,943,339	273,464
Vocational.	45,902	45,349	2,842	42,507
Other.	1,949,238	1,925,768	2,868,918	(943,150)
Support services:				
Pupil.	842,793	836,180	600,725	235,455
Instructional staff	175,788	176,204	174,189	2,015
Board of education	138,041	136,378	62,271	74,107
Administration.	1,522,344	1,501,735	1,285,917	215,818
Fiscal	520,175	526,989	477,395	49,594
Business	235,334	617,998	552,651	65,347
Operations and maintenance.	1,251,661	1,224,436	991,858	232,578
Pupil transportation	339,521	447,253	458,017	(10,764)
Central.	250,549	273,534	257,680	15,854
Other operation of non-instructional services	410	405	-	405
Extracurricular activities.	319,757	310,953	311,774	(821)
Facilities acquisition and construction	15,376	15,190	-	15,190
Total expenditures	15,651,652	16,160,052	15,410,703	749,349
Excess (deficiency) of revenues over (under) expenditures.	(1,734,626)	(1,766,694)	(696,889)	1,069,805
Other financing sources (uses):				
Refund of prior year's expenditures	9,266	30,920	30,920	-
Refund of prior year's receipts.	-	-	(1,330)	(1,330)
Total other financing sources (uses)	9,266	30,920	29,590	(1,330)
Net change in fund balance	(1,725,360)	(1,735,774)	(667,299)	1,068,475
Fund balance at beginning of year	3,971,974	3,971,974	3,971,974	-
Prior year encumbrances appropriated	400,274	400,274	400,274	-
Fund balance at end of year	\$ 2,646,888	\$ 2,636,474	\$ 3,704,949	\$ 1,068,475

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities - Early Childhood Development	Governmental Activities - Internal Service Funds
Assets:		
Equity in pooled cash and cash equivalents	\$ 23,404	\$ 1,037,682
Total assets.	23,404	1,037,682
Liabilities:		
Accounts payable.	70	25,479
Claims payable	-	252,000
Total liabilities	70	277,479
Net position:		
Unrestricted.	23,334	760,203
Total net position.	\$ 23,334	\$ 760,203

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Early Childhood Development	Governmental Activities - Internal Service Funds
	<u> </u>	<u> </u>
Operating revenues:		
Tuition and fees.	\$ 11,928	\$ -
Sales/charges for services.	-	1,593,373
Total operating revenues	<u>11,928</u>	<u>1,593,373</u>
Operating expenses:		
Personal services.	-	140,004
Purchased services.	214	-
Materials and supplies	264	770
Claims	-	1,778,206
Total operating expenses.	<u>478</u>	<u>1,918,980</u>
Operating income (loss)	<u>11,450</u>	<u>(325,607)</u>
Income (loss) before transfers	11,450	(325,607)
Transfer in	-	1,085,810
Change in net position	11,450	760,203
Net position at beginning of year.	<u>11,884</u>	<u>-</u>
Net position at end of year	<u>\$ 23,334</u>	<u>\$ 760,203</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Early Childhood Development	Governmental Activities - Internal Service Funds
	<u>Development</u>	<u>Service Funds</u>
Cash flows from operating activities:		
Cash received from tuition and fees	\$ 11,928	\$ -
Cash received from interfund charges.	-	1,593,373
Cash payments for personal services.	-	(120,329)
Cash payments for contractual services	(144)	-
Cash payments for materials and supplies	(264)	(770)
Cash payments for claims	-	(1,520,402)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	11,520	(48,128)
	<hr/>	<hr/>
Cash flows from noncapital financing activities:		
Cash received from transfers in	-	1,085,810
	<hr/>	<hr/>
Net cash provided by noncapital financing activities.	-	1,085,810
	<hr/>	<hr/>
Net increase in cash and cash equivalents.	11,520	1,037,682
Cash and cash equivalents at beginning of year . . .	11,884	-
Cash and cash equivalents at end of year	<u>\$ 23,404</u>	<u>\$ 1,037,682</u>
	<hr/>	<hr/>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 11,450	\$ (325,607)
Changes in assets and liabilities:		
Increase in accounts payable.	70	25,479
Increase in claims payable	-	252,000
	<hr/>	<hr/>
Net cash provided by (used in) operating activities.	<u>\$ 11,520</u>	<u>\$ (48,128)</u>
	<hr/>	<hr/>

See the Accompanying Notes to the Basic Financial Statements

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 2,937	\$ 40,254
Total assets.	<u>2,937</u>	<u>40,254</u>
Liabilities:		
Accounts payable.	-	356
Due to students.	-	39,898
Total liabilities	<u>-</u>	<u>\$ 40,254</u>
Net position:		
Held in trust for scholarships	<u>2,937</u>	
Total net position.	<u>\$ 2,937</u>	

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Private Purpose Trust	
	Scholarship	
Additions:		
Gifts and contributions	\$	1,510
 Deductions:		
Scholarships awarded		2,000
Change in net position		(490)
Net position at beginning of year		3,427
Net position at end of year	\$	2,937

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The School District was established in 1850. The School District serves an area of approximately six square miles. It is located in Crawford County. It is staffed by 47 classified employees, 102 certified teaching personnel, and 10 administrative employees who provide services to 1,420 students and other community members. The School District currently operates one elementary school, one high school/middle school, one athletic/community building, and one central office.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

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

B. Basis of Presentation

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

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

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

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

C. Fund Accounting

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

GOVERNMENTAL FUNDS

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

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

Bond Retirement Fund - The bond retirement fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

D. Measurement Focus

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

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

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

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

E. Basis of Accounting

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the School District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the School District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

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

F. Budgetary Process

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

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

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

G. Cash and Investments

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

During fiscal year 2014, the School District invested in nonnegotiable certificates of deposit and mutual funds. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current shares price.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the general fund during fiscal year 2014 was \$24,747, which includes \$7,161 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

H. Inventory

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

I. Restricted Assets

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

J. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of two thousand five hundred dollars. Improvements are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. All capital assets, except land and construction and progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	20 - 40 years
Buildings and improvements	25 - 138 years
Furniture and equipment	10 - 50 years
Vehicles	10 - 15 years

K. Deferred Charge on Refunding

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

L. Interfund Assets/Liabilities

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

M. Compensated Absences

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

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

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

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

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Unamortized Premium

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

P. Net Position

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

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

Q. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

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

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

R. Operating Revenue and Expenses

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

S. Interfund Transactions

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

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

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

T. 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.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2014, the School District did not incur any transactions that would be classified as an extraordinary item or special item.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

For fiscal year 2014, the School District has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

B. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 10,257
Public school preschool	10,206
IDEA Part-B	53,575
Title I	69,653
IDEA Part-B preschool	143
Improving teacher quality	12,670
Miscellaneous federal grants	4,506

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all School District deposits was \$2,643,212. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2014, \$3,234,076 of the School District’s bank balance of \$3,734,247 was exposed to custodial risk as discussed below, while \$500,171 was covered by the FDIC.

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

B. Investments

As of June 30, 2014, the School District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>24 to 60 months</u>
Negotiable CD's	\$ 2,698,026	\$ 448,035	\$ 408,940	\$ -	\$ -	\$ 1,840,051
Mutual funds	596,969	596,969	-	-	-	-
Total	<u>\$ 3,294,995</u>	<u>\$ 1,045,004</u>	<u>\$ 408,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,840,051</u>

The weighted average maturity of investments is 1.34 years.

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

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CD's	\$ 2,698,026	81.88
Mutual fund	596,969	18.12
Total	<u>\$ 3,294,995</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,643,212
Investments	<u>3,294,995</u>
Total	<u>\$ 5,938,207</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 5,871,612
Business-type activities	23,404
Private-purpose trust fund	2,937
Agency funds	<u>40,254</u>
Total	<u>\$ 5,938,207</u>

NOTE 5 - RECEIVABLES

Receivables at June 30, 2014 consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees) accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

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

Governmental activities:

Property taxes	\$ 6,097,119
Intergovernmental	228,600
Accrued interest	8,759
Payments in lieu of taxes	<u>43,573</u>
Total	<u>\$ 6,378,051</u>

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Crawford County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$1,580,910 in the general fund, \$292,830 in the bond retirement fund, \$20,916 in the classroom facilities fund and \$20,916 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$1,537,100 in the general fund, \$231,282 in the bond retirement fund, \$20,819 in the classroom facilities fund and \$20,819 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 117,661,740	94.27	\$ 115,089,690	93.95
Public utility personal	<u>7,156,490</u>	<u>5.73</u>	<u>7,413,840</u>	<u>6.05</u>
Total	<u>\$ 124,818,230</u>	<u>100.00</u>	<u>\$ 122,503,530</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$57.65		\$59.45

NOTE 7 - PAYMENT IN LIEU OF TAXES

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

THIS SPACE INTENTIONALLY LEFT BLANK

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/14</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 424,160	\$ 282,015	\$ -	\$ 706,175
Construction in progress	50,840	347,818	(398,658)	-
Total capital assets, not being depreciated	<u>475,000</u>	<u>629,833</u>	<u>(398,658)</u>	<u>706,175</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	884,510	489,126	-	1,373,636
Buildings and improvements	39,527,638	160,574	-	39,688,212
Furniture and equipment	721,226	252,016	-	973,242
Vehicles	891,625	52,323	-	943,948
Total capital assets, being depreciated	<u>42,024,999</u>	<u>954,039</u>	<u>-</u>	<u>42,979,038</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(810,704)	(30,014)	-	(840,718)
Buildings and improvements	(5,276,596)	(758,982)	-	(6,035,578)
Furniture and equipment	(311,963)	(110,848)	-	(422,811)
Vehicles	(652,534)	(28,217)	-	(680,751)
Total accumulated depreciation	<u>(7,051,797)</u>	<u>(928,061)</u>	<u>-</u>	<u>(7,979,858)</u>
Governmental activities capital assets, net	<u>\$ 35,448,202</u>	<u>\$ 655,811</u>	<u>\$ (398,658)</u>	<u>\$ 35,705,355</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 536,433
Special	66,510
Vocational	24,334
<u>Support services:</u>	
Pupil	13,267
Instructional staff	3,140
Administration	47,423
Fiscal	4,739
Business	1,468
Operations and maintenance	41,674
Pupil transportation	23,148
Other non-instructional services	47,074
Extracurricular activities	70,989
Food service operations	<u>47,862</u>
Total depreciation expense	<u>\$ 928,061</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 9 - LEASE PURCHASE AGREEMENT

During fiscal year 2014, the School District entered into a lease purchase agreement for land. Lease payments have been reclassified and are reflected as debt service expenditures in the permanent improvement fund.

Capital assets consisting of land have been capitalized in the amount of \$282,015. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2014 totaled \$147,000 by the permanent improvement fund (a nonmajor governmental fund).

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2014.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 10,000
2016	10,000
2017	10,000
2018	10,000
2019	10,000
2020 - 2024	50,000
2025 - 2029	50,000
2030 - 2034	<u>50,000</u>
Total minimum lease payments	200,000
Less: amount representing interest	<u>(64,985)</u>
Total	<u>\$ 135,015</u>

NOTE 10 - INTERFUND TRANSACTIONS

A. Interfund transfers consisted of the following at June 30, 2014, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Internal service fund	\$ 1,020,952
<u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	200,000
Internal service fund	<u>64,858</u>
Total	<u>\$ 1,285,810</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 10 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The School District transferred \$1,020,952 and \$64,858 from the general fund and food service fund, respectively to establish an internal service fund for medical self-insurance. This transfer was the amount held in cash with fiscal agent at June 30, 2013. The School District transferred \$200,000 from the facilities maintenance fund to the permanent improvement fund.

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

- B.** Interfund balances at June 30, 2014 as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 90,492</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2014 are reported on the statement of net position.

THIS SPACE INTENTIONALLY LEFT BLANK

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 11 - LONG-TERM OBLIGATIONS

During the fiscal year 2014, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u> <u>07/01/13</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/14</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds					
School Improvement Bonds					
FY2007					
Serial Bonds 3.5-3.75%	\$ 1,855,000	\$ -	\$ (740,000)	\$ 1,115,000	\$ 355,000
Term Bonds 4.25-5%	1,610,000	-	(1,610,000)	-	-
School Improvement Refunding					
Bonds FY2013					
Serial Bonds 1-3.5%	8,070,000	-	(55,000)	8,015,000	165,000
Capital Appreciation Bonds					
24.28-25.92%	240,000	-	-	240,000	-
Accreted Interest	7,360	58,852	-	66,212	-
School Improvement Refunding					
Bonds FY2014					
Serial Bonds 1.0-2.25%	-	1,995,000	-	1,995,000	65,000
Capital Appreciation Bonds 93.12%	-	19,999	-	19,999	-
Accreted Interest	-	2,521	-	2,521	-
Total General Obligation Bonds	<u>11,782,360</u>	<u>2,076,372</u>	<u>(2,405,000)</u>	<u>11,453,732</u>	<u>585,000</u>
Compensated Absences	1,271,812	145,153	(119,587)	1,297,378	196,547
Capital Lease Obligation	-	282,015	(147,000)	135,015	4,499
Total Governmental Activities					
Long-Term Obligations	<u>\$ 13,054,172</u>	<u>\$ 2,503,540</u>	<u>\$ (2,671,587)</u>	<u>12,886,125</u>	<u>\$ 786,046</u>
				<u>1,929,737</u>	
				<u>\$ 14,815,862</u>	

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

As of June 30, 2014, \$10,325,000 of the refunded bonds was still outstanding.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

<u>Year</u>	<u>Amount</u>
2018	\$ 420,000
2019	440,000
2020	465,000
2021	485,000

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

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

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

Although the refunding will result in the recognition of an accounting loss of \$1,466,979, the School District in effect decreased its aggregate debt service payments by \$1,178,283 over the next sixteen years and obtained an economic gain (difference between present values of the old and new debt service payments) of \$745,585.

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2020 through 2023. The par value of the capital appreciation bonds is \$240,000 and the maturity amount of the bonds is \$2,145,000. For fiscal year 2014, \$58,852 was accreted on the capital appreciation bonds for a total value of \$137,536 at fiscal year end.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

FY2014 School Improvement Refunding Bonds - On May 8, 2014, the School District issued general obligation bonds, in the amount of \$2,014,999, to partially refund bonds previously issued in fiscal year 2007 for the renovation of an elementary school and renovation/addition to the high school. The refunding bond issue includes serial and capital appreciation bonds, in the amount of \$1,995,000 and \$19,999, respectively. The bonds were issued at a premium of \$312,317. The bonds were issued for a eight year period, with final maturity in fiscal year 2021. The bonds are being retired through the Bond Retirement debt service fund.

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

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

The capital appreciation bonds will mature in fiscal year 2018. The par value of the capital appreciation bonds is \$19,999 and the maturity amount of the bonds is \$305,000. For fiscal year 2014, \$2,521 was accreted on the capital appreciation bonds for a total value of \$22,520 at fiscal year end.

Compensated absences will be paid from the general fund and the food service special revenue fund. See Note 9 for detail on the lease purchase agreement.

The School District's overall debt margin was \$354,258 with an unvoted debt margin of \$122,504 at June 30, 2014.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2014, were as follows:

Fiscal Year Ending June 30	FY2007 General Obligation Bonds		
	Principal	Interest	Total
2015	\$ 355,000	\$ 43,500	\$ 398,500
2016	370,000	18,563	388,563
2017	390,000	7,313	397,313
Total	\$ 1,115,000	\$ 69,376	\$ 1,184,376

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year	FY2013 General Obligation Bonds			FY2013 Capital Appreciation Bonds			
	Ending June 30.	Principal	Interest	Total	Principal	Accretion	Total
2015	\$	165,000	\$ 211,705	\$ 376,705	\$ -	\$ -	\$ -
2016		165,000	210,055	375,055	-	-	-
2017		185,000	207,843	392,843	-	-	-
2018		185,000	205,067	390,067	-	-	-
2019		190,000	202,255	392,255	-	-	-
2020 - 2024		220,000	984,350	1,204,350	240,000	1,905,000	2,145,000
2025 - 2029		4,065,000	754,845	4,819,845	-	-	-
2030 - 2032		2,840,000	152,425	2,992,425	-	-	-
Total	\$	8,015,000	\$ 2,928,545	\$ 10,943,545	\$ 240,000	\$ 1,905,000	\$ 2,145,000

Fiscal Year	FY2014 General Obligation Bonds			FY2014 Capital Appreciation Bonds			
	Ending June 30.	Principal	Interest	Total	Principal	Accretion	Total
2015	\$	65,000	\$ 22,701	\$ 87,701	\$ -	\$ -	\$ -
2016		50,000	39,607	89,607	-	-	-
2017		50,000	39,108	89,108	-	-	-
2018		150,000	38,358	188,358	19,999	285,001	305,000
2019		455,000	35,358	490,358	-	-	-
2020 - 2022		1,225,000	49,485	1,274,485	-	-	-
Total	\$	1,995,000	\$ 224,617	\$ 2,219,617	\$ 19,999	\$ 285,001	\$ 305,000

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (667,299)
Net adjustment for revenue accruals	40,000
Net adjustment for expenditure accruals	438,674
Net adjustment for other sources/uses	(1,050,542)
Funds budgeted elsewhere	9,213
Adjustment for encumbrances	330,151
GAAP basis	\$ (899,803)

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

NOTE 13 - SET-ASIDES

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 13 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	248,046
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(260,384)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (12,338)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

NOTE 14 - RISK MANAGEMENT

A. Ohio School Plan

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

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

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 14 - RISK MANAGEMENT - (Continued)

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013, 2012 and 2011:

	2013	2012	2011
Assets	\$ 6,841,599	\$ 5,351,369	\$ 4,280,876
Liabilities	4,052,930	2,734,952	1,812,420
Members' equity	2,788,669	2,616,417	2,468,456

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

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

- Buildings and Contents - replacement cost \$62,779,000
- Auto Liability 1,000,000
- General Liability
 - Each Occurrence 4,000,000
 - Aggregate 6,000,000

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

B. Worker's Compensation

For fiscal year 2014, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 14 - RISK MANAGEMENT - (Continued)

C. Medical Insurance

The School District offers medical and drug insurance to all employees through a self-insured program through the self-insurance internal service fund. The School District purchased stop loss insurance for claims in excess of \$100,000 per individual. The School District has reinsurance for claims above \$100,000, with a capped maximum of \$1,000,000. Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2014, was estimated by the third party administrator at \$252,000.

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

		Balance at Beginning <u>of Year</u>	Current Year Claims	<u>Claim Payments</u>	Balance at End of Year
2014	\$	450,790	\$ 1,321,612	\$ (1,520,402)	\$ 252,000
2013		288,471	1,533,663	(1,371,344)	450,790

NOTE 15 - PENSION PLANS

A. School Employees Retirement System

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 15 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$223,474, \$200,410 and \$248,468, respectively; 86.00 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 15 - PENSION PLANS - (Continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$847,417, \$801,170 and \$919,982, respectively; 82.03 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$36,382 made by the School District and \$28,586 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Employers/Audit Resources*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$32,202, \$2,448 and \$10,760, respectively; 86.00 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$12,965, \$11,321 and \$14,673, respectively; 86.00 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$65,186, \$62,934 and \$71,664, respectively; 82.03 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

NOTE 17 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 17 - OTHER EMPLOYEE BENEFITS - (Continued)

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

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

B. Health Care Benefits

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

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Tri-Rivers Educational Computer Association

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Athens, Crawford, Delaware, Erie, Knox, Licking, Marion, Morrow, Muskingum, Union, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2014, the School District paid \$16,491 to TRECA for various services. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

B. Pioneer Career and Technology Center

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

C. Metropolitan Educational Council

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

NOTE 19 - INSURANCE POOLS

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

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

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

B. Ohio School Plan

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 20 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

B. Litigation

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

NOTE 21 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 254,837
Other nonmajor governmental funds	<u>94,015</u>
Total	<u>\$ 348,852</u>

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass Through Grantor / Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through The Ohio Department of Education:</i>			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	\$ 171,647	\$ 171,647
National School Lunch Program	10.555	402,833	402,833
Summer Food Service Program for Children	10.559	50,656	50,656
Cash Assistance		625,136	625,136
Non-Cash Assistance (Food Distribution)	10.555	59,011	59,011
Total Child Nutrition Cluster		<u>684,147</u>	<u>684,147</u>
Child and Adult Care Food Program	10.558	6,673	6,673
National School Lunch and School Breakfast Programs Expansion Grant	10.560	-	3,000
Total U.S. Department of Agriculture		<u>690,820</u>	<u>693,820</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through The Ohio Department of Education:</i>			
Title I Cluster:			
Title I Grants to Local Educational Agencies - 2013	84.010	134,950	102,366
Title I Grants to Local Educational Agencies - 2014	84.010	410,371	452,894
Total Title I Cluster		<u>545,321</u>	<u>555,260</u>
Special Education Cluster:			
Special Education Grants to States - 2013	84.027	76,645	56,385
Special Education Grants to States - 2014	84.027	277,970	305,706
Special Education Preschool Grant - 2013	84.173	1,059	809
Special Education Preschool Grant - 2014	84.173	7,867	8,272
Total Special Education Cluster		<u>363,541</u>	<u>371,172</u>
Twenty-First Century Community Learning Centers - 2013	84.287	49,972	40,247
Twenty-First Century Community Learning Centers - 2014	84.287	98,615	105,057
Total Twenty-First Century Community Learning Centers		<u>148,587</u>	<u>145,304</u>
Title VI-B Rural Education - 2013	84.358	5,165	3,190
Title VI-B Rural Education - 2014	84.358	18,033	20,038
Total Title VI-B Rural Education		<u>23,198</u>	<u>23,228</u>
Title II-A Improving Teacher Quality State Grants - 2013	84.367	23,279	17,664
Title II-A Improving Teacher Quality State Grants - 2014	84.367	61,841	68,575
Total Title II-A Improving Teacher Quality State Grants		<u>85,120</u>	<u>86,239</u>
Total U.S. Department of Education		<u>1,165,767</u>	<u>1,181,203</u>
Total Federal Financial Assistance		<u>\$ 1,856,587</u>	<u>\$ 1,875,023</u>

The accompanying notes are an integral part of this schedule

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note A – Significant Accounting Policies

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) reports the Bucyrus City School District's (the School District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

Note B – Child Nutrition Cluster

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

Note C – Food Donation

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

Note D – Matching Requirements

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

November 26, 2014

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Bucyrus City School District**, Crawford County, (the School District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 26, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Perry & Associates
Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E. Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

November 26, 2014

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the **Bucyrus City School District's** (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Bucyrus City School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the School District's major federal program.

Management's Responsibility

The School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Bucyrus City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY**

SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Cluster: CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

This page intentionally left blank.



Dave Yost • Auditor of State

BUCYRUS CITY SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 20, 2015**