

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

***GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)***

FOR THE FISCAL YEAR ENDED
JUNE 30, 2002



**Auditor of State
Betty Montgomery**

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Board of Education
Bucyrus City School District
Bucyrus, Ohio

We have reviewed the Independent Auditor's Report of the Bucyrus City School District, Crawford County, prepared by Trimble, Julian & Grube, Inc, for the audit period July 1, 2001 through June 30, 2002. 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 "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 21, 2003

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

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TRIMBLE, JULIAN & GRUBE, INC.

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Independent Auditor's Report

Board of Education
Bucyrus City School District
630 Jump Street
Bucyrus, Ohio 44820

We have audited the accompanying general purpose financial statements of the Bucyrus City School District, Crawford County, (the "District") as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bucyrus City School District, Crawford County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
December 11, 2002

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BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
ASSETS:				
Equity in pooled cash and cash equivalents.	\$ 1,097,913	\$ 502,510	\$ 13,740	\$ 60,698
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent	5,388,814	-	-	-
Accounts.	148	19,622	-	-
Accrued interest	5,998	-	-	-
Interfund loans receivable.	332,019	-	-	-
Due from other governments	-	119,355	-	-
Materials and supplies inventory	95,591	6,944	-	-
Prepayments	50,660	738	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents	309,202	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable).	-	-	-	-
OTHER DEBITS:				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	<u>\$ 7,280,345</u>	<u>\$ 649,169</u>	<u>\$ 13,740</u>	<u>\$ 60,698</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$ 157,241	\$ 83,708	\$ -	\$ 31,064
Accrued wages and benefits.	1,162,290	109,516	-	-
Compensated absences payable.	61,467	-	-	-
Pension obligation payable	189,555	12,000	-	-
Interfund loan payable	-	87,019	-	-
Deferred revenue	3,951,181	11,226	-	-
Due to other governments.	44,086	8,481	-	-
Due to students	-	-	-	-
Tax anticipation note payable.	345,000	-	-	-
Total liabilities.	<u>5,910,820</u>	<u>311,950</u>	<u>-</u>	<u>31,064</u>
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets	-	-	-	-
Retained earnings (accumulated deficit): unreserved.	-	-	-	-
Fund balances (deficit):				
Reserved for encumbrances	288,922	40,277	-	2,692
Reserved for materials and supplies inventory.	95,591	6,944	-	-
Reserved for prepayments	50,660	738	-	-
Reserved for debt service	-	-	13,740	-
Reserved for tax revenue unavailable for appropriation.	1,440,862	-	-	-
Reserved for instructional materials.	213,098	-	-	-
Reserved for BWC refunds	69,721	-	-	-
Reserved for bus purchase allowance	26,383	-	-	-
Unreserved-undesignated	(815,712)	289,260	-	26,942
Total equity (deficit) and other credits	<u>1,369,525</u>	<u>337,219</u>	<u>13,740</u>	<u>29,634</u>
Total liabilities, equity and other credits.	<u>\$ 7,280,345</u>	<u>\$ 649,169</u>	<u>\$ 13,740</u>	<u>\$ 60,698</u>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 133,604	\$ 24,254	\$ -	\$ -	\$ 1,832,719
-	-	-	-	5,388,814
-	-	-	-	19,770
-	-	-	-	5,998
-	-	-	-	332,019
-	-	-	-	119,355
41,912	-	-	-	144,447
1,106	-	-	-	52,504
-	-	-	-	309,202
20,508	-	11,295,434	-	11,315,942
-	-	-	13,740	13,740
-	-	-	929,850	929,850
<u>\$ 197,130</u>	<u>\$ 24,254</u>	<u>\$ 11,295,434</u>	<u>\$ 943,590</u>	<u>\$ 20,464,360</u>
\$ 15,409	\$ -	\$ -	\$ -	\$ 287,422
45,944	-	-	-	1,317,750
36,330	-	-	854,296	952,093
25,086	-	-	89,294	315,935
245,000	-	-	-	332,019
10,017	-	-	-	3,972,424
1,655	269	-	-	54,491
-	20,703	-	-	20,703
-	-	-	-	345,000
<u>379,441</u>	<u>20,972</u>	<u>-</u>	<u>943,590</u>	<u>7,597,837</u>
-	-	11,295,434	-	11,295,434
(182,311)	-	-	-	(182,311)
-	-	-	-	331,891
-	-	-	-	102,535
-	-	-	-	51,398
-	-	-	-	13,740
-	-	-	-	1,440,862
-	-	-	-	213,098
-	-	-	-	69,721
-	-	-	-	26,383
-	3,282	-	-	(496,228)
<u>(182,311)</u>	<u>3,282</u>	<u>11,295,434</u>	<u>-</u>	<u>12,866,523</u>
<u>\$ 197,130</u>	<u>\$ 24,254</u>	<u>\$ 11,295,434</u>	<u>\$ 943,590</u>	<u>\$ 20,464,360</u>

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$ 4,862,195	\$ -	\$ -	\$ -	\$ -	\$ 4,862,195
Tuition	524,608	-	-	-	-	524,608
Earnings on investments	66,096	3,676	-	16	141	69,929
Extracurricular	-	211,701	-	-	-	211,701
Other local revenues	100,831	63,278	-	-	2,057	166,166
Intergovernmental - State	6,786,318	324,123	-	52,440	-	7,162,881
Intergovernmental - Federal	37,675	859,339	-	-	-	897,014
	<u>12,377,723</u>	<u>1,462,117</u>	<u>-</u>	<u>52,456</u>	<u>2,198</u>	<u>13,894,494</u>
Expenditures:						
Current:						
Instruction:						
Regular	5,466,103	233,266	-	50,859	-	5,750,228
Special	1,237,683	499,946	-	-	-	1,737,629
Vocational	119,288	-	-	-	-	119,288
Other	102,458	-	-	-	-	102,458
Support services:						
Pupil	483,410	84,836	-	-	2,500	570,746
Instructional staff	785,649	218,473	-	-	-	1,004,122
Board of Education	54,612	-	-	-	-	54,612
Administration	1,297,254	63,805	-	-	-	1,361,059
Fiscal	323,804	-	-	-	-	323,804
Business	176,911	-	-	2,955	-	179,866
Operations and maintenance	1,210,284	671	-	-	-	1,210,955
Pupil transportation	436,353	6,217	-	-	-	442,570
Central	55,581	34,470	-	21,649	-	111,700
Community services	85,948	115,424	-	-	4,154	205,526
Extracurricular activities	347,777	256,777	-	-	-	604,554
Debt service:						
Principal retirement	-	-	85,000	-	-	85,000
Interest and fiscal charges	22,185	-	4,845	-	-	27,030
	<u>12,205,300</u>	<u>1,513,885</u>	<u>89,845</u>	<u>75,463</u>	<u>6,654</u>	<u>13,891,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>172,423</u>	<u>(51,768)</u>	<u>(89,845)</u>	<u>(23,007)</u>	<u>(4,456)</u>	<u>3,347</u>
Other financing sources (uses):						
Proceeds from demutualization of insurance company						
	827,095	-	-	-	-	827,095
Operating transfers in	-	-	89,845	-	-	89,845
Operating transfers out	(89,845)	-	-	-	-	(89,845)
	<u>737,250</u>	<u>-</u>	<u>89,845</u>	<u>-</u>	<u>-</u>	<u>827,095</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	909,673	(51,768)	-	(23,007)	(4,456)	830,442
Fund balances, July 1	436,134	390,751	13,740	52,641	7,738	901,004
Increase (decrease) in reserve for inventory	23,718	(1,764)	-	-	-	21,954
Fund balances, June 30	<u>\$ 1,369,525</u>	<u>\$ 337,219</u>	<u>\$ 13,740</u>	<u>\$ 29,634</u>	<u>\$ 3,282</u>	<u>\$ 1,753,400</u>

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

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BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 4,764,952	\$ 4,987,504	\$ 222,552	\$ -	\$ -	\$ -
Tuition	881,790	524,608	(357,182)	-	-	-
Earnings on investments.	58,059	61,216	3,157	4,448	3,624	(824)
Extracurricular.	-	-	-	259,852	211,701	(48,151)
Other local revenues	118,473	124,914	6,441	58,908	47,992	(10,916)
Intergovernmental - State	6,436,365	6,786,319	349,954	402,095	327,586	(74,509)
Intergovernmental - Federal.	37,675	37,675	-	922,730	751,746	(170,984)
Total revenues	<u>12,297,314</u>	<u>12,522,236</u>	<u>224,922</u>	<u>1,648,033</u>	<u>1,342,649</u>	<u>(305,384)</u>
Expenditures:						
Current:						
Instruction:						
Regular.	5,290,214	5,521,131	(230,917)	269,144	260,520	8,624
Special.	1,081,295	1,212,157	(130,862)	502,934	486,818	16,116
Vocational.	129,500	145,738	(16,238)	-	-	-
Other.	91,394	102,854	(11,460)	-	-	-
Support services:						
Pupil.	418,783	471,295	(52,512)	113,065	109,442	3,623
Instructional staff.	720,878	811,271	(90,393)	226,543	219,284	7,259
Board of Education	43,188	48,603	(5,415)	-	-	-
Administration	1,269,652	1,428,857	(159,205)	59,413	57,509	1,904
Fiscal.	330,013	332,411	(2,398)	-	-	-
Business.	164,357	184,966	(20,609)	-	-	-
Operations and maintenance	1,174,518	1,321,794	(147,276)	693	671	22
Pupil transportation	431,495	485,601	(54,106)	6,421	6,215	206
Central.	49,746	55,984	(6,238)	38,711	37,471	1,240
Community services	76,371	85,947	(9,576)	116,237	112,512	3,725
Extracurricular activities	320,116	360,256	(40,140)	278,157	269,244	8,913
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>11,591,520</u>	<u>12,568,865</u>	<u>(977,345)</u>	<u>1,611,318</u>	<u>1,559,686</u>	<u>51,632</u>
Excess (deficiency) of revenues over (under) expenditures	<u>705,794</u>	<u>(46,629)</u>	<u>(752,423)</u>	<u>36,715</u>	<u>(217,037)</u>	<u>(253,752)</u>
Other financing sources (uses):						
Advances in	524,483	553,000	28,517	207,019	207,019	-
Advances out.	(712,657)	(802,019)	(89,362)	(209,720)	(203,000)	6,720
Operating transfers in	-	-	-	3,204	-	(3,204)
Operating transfers out.	(392,779)	(442,030)	(49,251)	(6,620)	-	6,620
Proceeds from demutualization of insurance company	784,444	827,095	42,651	-	-	-
Refund of prior year's receipts.	-	-	-	(4,981)	(4,821)	160
Refund of prior year's expenditures.	10,218	10,774	556	-	-	-
Total other financing sources (uses)	<u>213,709</u>	<u>146,820</u>	<u>(66,889)</u>	<u>(11,098)</u>	<u>(802)</u>	<u>10,296</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>919,503</u>	<u>100,191</u>	<u>(819,312)</u>	<u>25,617</u>	<u>(217,839)</u>	<u>(243,456)</u>
Fund balances, July 1 (restated)	763,260	763,260	-	537,063	537,063	-
Prior year encumbrances appropriated	163,088	163,088	-	73,650	73,650	-
Fund balances, June 30	<u>\$ 1,845,851</u>	<u>\$ 1,026,539</u>	<u>\$ (819,312)</u>	<u>\$ 636,330</u>	<u>\$ 392,874</u>	<u>\$ (243,456)</u>

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

Debt Service			Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,764,952	\$ 4,987,504	\$ 222,552
-	-	-	-	-	-	881,790	524,608	(357,182)
-	-	-	16	16	-	62,523	64,856	2,333
-	-	-	-	-	-	259,852	211,701	(48,151)
-	-	-	-	-	-	177,381	172,906	(4,475)
-	-	-	52,440	52,440	-	6,890,900	7,166,345	275,445
-	-	-	-	-	-	960,405	789,421	(170,984)
-	-	-	52,456	52,456	-	13,997,803	13,917,341	(80,462)
-	-	-	17,966	52,994	(35,028)	5,577,324	5,834,645	(257,321)
-	-	-	-	-	-	1,584,229	1,698,975	(114,746)
-	-	-	-	-	-	129,500	145,738	(16,238)
-	-	-	-	-	-	91,394	102,854	(11,460)
-	-	-	-	-	-	531,848	580,737	(48,889)
-	-	-	-	-	-	947,421	1,030,555	(83,134)
-	-	-	-	-	-	43,188	48,603	(5,415)
-	-	-	-	-	-	1,329,065	1,486,366	(157,301)
-	-	-	-	-	-	330,013	332,411	(2,398)
-	-	-	997	2,955	(1,958)	165,354	187,921	(22,567)
-	-	-	-	-	-	1,175,211	1,322,465	(147,254)
-	-	-	-	-	-	437,916	491,816	(53,900)
-	-	-	7,701	22,826	(15,125)	96,158	116,281	(20,123)
-	-	-	-	-	-	192,608	198,459	(5,851)
-	-	-	-	-	-	598,273	629,500	(31,227)
436,565	415,000	21,565	-	-	-	436,565	415,000	21,565
28,435	27,030	1,405	-	-	-	28,435	27,030	1,405
465,000	442,030	22,970	26,664	78,775	(52,111)	13,694,502	14,649,356	(954,854)
(465,000)	(442,030)	22,970	25,792	(26,319)	(52,111)	303,301	(732,015)	(1,035,316)
-	-	-	-	-	-	731,502	760,019	28,517
-	-	-	-	-	-	(922,377)	(1,005,019)	(82,642)
478,740	442,030	(36,710)	-	-	-	481,944	442,030	(39,914)
-	-	-	-	-	-	(399,399)	(442,030)	(42,631)
-	-	-	-	-	-	784,444	827,095	42,651
-	-	-	-	-	-	(4,981)	(4,821)	160
-	-	-	-	-	-	10,218	10,774	556
478,740	442,030	(36,710)	-	-	-	681,351	588,048	(93,303)
13,740	-	(13,740)	25,792	(26,319)	(52,111)	984,652	(143,967)	(1,128,619)
13,740	13,740	-	46,370	46,370	-	1,360,433	1,360,433	-
-	-	-	6,891	6,891	-	243,629	243,629	-
\$ 27,480	\$ 13,740	\$ (13,740)	\$ 79,053	\$ 26,942	\$ (52,111)	\$ 2,588,714	\$ 1,460,095	\$ (1,128,619)

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)
 PROPRIETARY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees	\$ 41,953
Sales/charges for services	340,855
Total operating revenues	382,808
Operating expenses:	
Personal services	419,582
Contract services	194,552
Materials and supplies	411,274
Depreciation	4,977
Total operating expenses	1,030,385
Operating loss.	(647,577)
Nonoperating revenues:	
Operating grants	366,765
Federal commodities	43,617
Interest revenue.	1,533
Total nonoperating revenues.	411,915
Net loss.	(235,662)
Retained earnings, July 1 (restated)	53,351
Accumulated deficit, June 30	\$ (182,311)

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

BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 41,953
Cash received from sales/service charges	340,855
Cash payments for personal services	(418,628)
Cash payments for contract services	(196,213)
Cash payments for materials and supplies.	(354,233)
Net cash used in operating activities.	(586,266)
Cash flows from noncapital financing activities:	
Cash received from operating grants	391,895
Cash received from interfund loans.	245,000
Net cash provided by noncapital financing activities.	636,895
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(3,767)
Net cash used in capital and related financing activities	(3,767)
Cash flows from investing activities:	
Interest received	1,533
Net cash provided by investing activities	1,533
Net increase in cash and cash equivalents	48,395
Cash and cash equivalents at beginning of year	85,209
Cash and cash equivalents at end of year.	\$ 133,604
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	\$ (647,577)
Adjustments to reconcile operating income loss to net cash used in operating activities:	
Depreciation	4,977
Federal donated commodities	43,617
Changes in assets and liabilities:	
Increase in materials and supplies inventory	(2,587)
Decrease in prepayments	47
Increase in accounts payable.	11,212
Increase in accrued wages and benefits.	2,977
Decrease in compensated absences payable	(4,183)
Increase in due to other governments	1,655
Increase in pension obligation payable.	458
Increase in deferred revenue	3,138
Net cash used in operating activities.	\$ (586,266)

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District ranks as the 298th largest by enrollment among the 705 public and community school districts in the state. It currently operates 5 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 83 non-certified and 147 certified employees to provide services to approximately 1,882 students in grades K through 12, and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. The Reporting Entity

The District’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

JOINTLY GOVERNED ORGANIZATION

Pioneer Career and Technology Center (PCTC)

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

JOINT VENTURE WITHOUT EQUITY INTEREST

North Central Ohio Computer Cooperative (NCOCC)

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

GROUP PURCHASING COOPERATIVE

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

The District is also a participant in a public entity risk sharing pool, discussed in Note 11.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

The governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the district's governmental fund types:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose, provided it is expended or transferred in accordance with state statute.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

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

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

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type:

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

FIDUCIARY FUNDS

Trust and Agency Funds - These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust and agency funds. Expendable trusts are accounted for in the essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are reported on a cash basis, with note disclosure regarding items, which, in other fund types, would be subject to accrual.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

ACCOUNT GROUPS

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

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

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

C. Measurement Focus/Basis of Accounting

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

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

The modified accrual basis of accounting is followed for governmental and the expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2002, but which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

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

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

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligations principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2002 is as follows:

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2002.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level for all funds which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement of comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations during fiscal 2002 were legally enacted by the Board.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

9. Unencumbered appropriations lapse at fiscal year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end (not recognized as accounts payable) appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for enterprise funds are disclosed in the Note 12 to the general purpose financial statements.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet.

During fiscal 2002, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, federal agency securities, and repurchase agreements.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

By policy of the Board of Education, interest revenue is allocated to the general fund, the Capital Projects Fund Type: Permanent Improvement fund, the Enterprise Fund Type: Food Service fund, the Expendable Trust fund, Special Revenue Fund Type: Principals' (public school support) funds, the Student Activity funds, the Early Childhood Development fund, the Self-Insurance Reserve fund (included with general fund for reporting purposes), the Athletic fund, and the Auxiliary Service fund. Interest revenue credited to the general fund during fiscal 2002 amounted to \$66,096, which includes \$22,835 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

F. Inventory

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

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

G. Prepayments

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The District has a policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. 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, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed asset account group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives (with an estimated 10% salvage value):

<u>Asset</u>	<u>Life (years)</u>
Furniture and equipment	5 - 20

I. Compensated Absences

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years’ service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

Accumulated vacation and severance liability of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and severance liability for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

J. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

K. Fund Equity

Reserved fund balances indicate that a portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, debt service, tax revenue unavailable for appropriation, instructional materials, BWC refunds, and bus purchase allowance. The reserve for property taxes represent taxes recognized as revenue under GAAP, but not available for appropriation under state statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

L. Interfund Transactions

Transactions between funds during the normal course of operations may occur. These may include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund, which provides a service, records revenue, and the fund, which receives that service, records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

6. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District’s interfund transactions for fiscal year 2002 is presented in Note 5.

M. Parochial Schools

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

N. Proceeds from Demutualization of Insurance Company

During the fiscal year, the District received \$827,095 in stock related to the demutualization of Anthem Blue Cross and Blue Shield Insurance Company. Soon after receipt, the District sold the stock. Proceeds from these transactions are reported as an “Other Financing Source” in the general fund.

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a reserve for instructional materials, BWC refunds and school bus purchases. These reserves are required by state statute and can be used only for statutorily-specified purposes. A fund balance reserve has also been established. See Note 17 for statutory reserves.

P. Estimates

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

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

Q. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

Due to errors and omissions in the amount previously reported as fixed assets of the Food Service enterprise fund, a prior period adjustment is required to properly state the fixed assets at June 30, 2001. The prior period adjustment had the following effect on retained earnings as previously reported as of June 30, 2001:

	<u>Enterprise Fund</u>
Retained earnings as previously reported	\$41,898
Restatement for fixed assets	<u>11,453</u>
Restated retained earnings as of July 1, 2001	<u>\$53,351</u>

In addition, beginning fund balance on the Combined Statement of Revenues, Expenditures and Change in Fund Balances Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types - General Fund Type has been restated due to reclassification of funds.

B. Deficit Fund Balances/Retained Earnings

Fund balances/retained earnings at June 30, 2002, included the following individual fund deficits:

	<u>Deficit Balance/ Accumulated Deficit</u>
<u>Special Revenue Funds</u>	
PRC Family Intervention	\$ 15,907
Summer Intervention	26
Special Education Preschool Handicapped	77
 <u>Enterprise Funds</u>	
Food Service	213,764
Uniform School Supplies	735

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

These funds complied with Ohio state law, which does not allow a cash deficit at year-end.

The deficit fund balances in the PRC Family Intervention, Summer Intervention and Special Education Preschool Handicapped special revenue funds are a result of accruing wage obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues and other subsidies not recognized at June 30.

The deficit retained earnings in the Food Service and Uniform School Supplies enterprise funds are a result of advances in as an interfund loan payable rather than as “nonoperating revenue” in accordance with GAAP. These interfund loans will be repaid by user charges and intergovernmental revenues not recognized at June 30.

C. Agency Funds

The following are accrual for the agency funds, which, in another fund type, would be recognized in the combined balance sheet:

LIABILITIES

Accounts payable	\$1,496
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D. Statutory Noncompliance

1. The following funds had appropriations in excess of estimated resources for the fiscal year ended June 30, 2002 in noncompliance with Ohio Revised Code Section 5705.39:

Fund Type	Fund	Excess Amount
Special Revenue	Auxiliary Services	\$28,281
Special Revenue	Teacher Development	2,944
Special Revenue	Management Information System	1,567
Special Revenue	Summer Intervention	4,757
Special Revenue	Extended Learning	34,742
Special Revenue	Miscellaneous State Grants	12,436
Special Revenue	Eisenhower Professional Development	2,267
Special Revenue	Title VI-B	9,023
Special Revenue	Safe and Drug-Free Schools	5,101
Special Revenue	Special Education Preschool Handicapped	3,687
Special Revenue	E-Rate	2,259
Special Revenue	Continuous Improvement	30,463
Special Revenue	Miscellaneous Federal Grants	1,845

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

2. The following funds had expenditures in excess of appropriations in noncompliance with Ohio Revised Code Section 5705.41(B).

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
General Fund	General Fund	\$1,115,958
Special Revenue	Other Grant	55,990
Special Revenue	School Improvement Models	15,348
Special Revenue	District Managed Activity	55,862
Special Revenue	Management Information System	1,719
Special Revenue	Ohio Reads	3,492
Special Revenue	Summer Intervention	13,130
Special Revenue	Innovative Educational Program Strategies	2,370
Capital Projects	SchoolNet Equipment	52,111
Enterprise	Uniform School Supplies	3,638
Enterprise	Food Service	287,773

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

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

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

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

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 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

Deposits: At year-end, the carrying amount of the District's deposits was \$391,423 and the bank balance was \$550,008 (both amounts include \$440,008 in non-negotiable certificates of deposit). Of the bank balance:

1. \$240,008 was covered by federal depository insurance; and

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

2. \$310,000 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

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

	Category <u>2</u>	Category <u>3</u>	Fair Value
Repurchase agreement	\$ -	\$45,716	\$ 45,716
Federal agency securities	198,313	-	198,313
Not subject to categorization:			
Investment in STAR Ohio	<u>-</u>	<u>-</u>	<u>1,506,454</u>
Total investments	<u>\$198,313</u>	<u>\$45,716</u>	<u>\$1,750,483</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

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

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

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$ 2,141,921	\$ -
Reclassifications:		
Repurchase agreement	(45,716)	45,716
Federal agency securities	(198,313)	198,313
STAR Ohio	(1,506,454)	1,506,454
Less: cash on hand	(15)	-
Per GASB Statement No. 3	<u>\$ 391,423</u>	<u>\$1,750,483</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2002, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$332,019	\$ -
<u>Special Revenue Funds</u>		
PRC Family Intervention	-	56,800
Athletic	-	10,000
Eisenhower Professional Development	-	7,219
Miscellaneous Federal Grants	-	13,000
<u>Enterprise Funds</u>		
Food Service	-	225,000
Uniform School Supplies	-	20,000
Total	<u>\$332,019</u>	<u>\$332,019</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. The following is a reconciliation of the District's operating transfers for 2002.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$89,845
<u>Debt Service Fund</u>		
Bond Retirement	<u>89,845</u>	<u>-</u>
Total	<u>\$89,845</u>	<u>\$89,845</u>

NOTE 6 - PROPERTY TAXES

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

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

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

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue, which would otherwise have been collected.

The assessed value upon which the 2001 taxes were collected was \$149,764,320. Agricultural/residential and public utility/minerals real estate represented 58.91% or \$88,223,140 of this total; commercial & industrial real estate represented 16.11% or \$24,127,560 of this total; public utility tangible represented 4.61% or \$6,900,560 of this total and general tangible property represented 20.37% or \$30,513,060 of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$50.30 per \$1,000.00 of assessed valuation for operations.

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 6 - PROPERTY TAXES - (Continued)

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of real tax advances of the August settlement available June 30) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2002 totaled \$1,440,862 in the general fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants (to the extent eligibility requirements have been met by fiscal year-end). Intergovernmental grants receivable have been presented as "Due From Other Governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs and the current year guarantee of federal funds.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 7 - RECEIVABLES - (Continued)

A summary of the receivables is as follows:

	<u>Amounts</u>
<u>General Fund</u>	
Property Taxes - current and delinquent	\$5,388,814
Accounts	148
Accrued interest	5,998
Interfund loans	332,019
 <u>Special Revenue Funds</u>	
Accounts	19,622
Due from other governments	119,355

NOTE 8 - FIXED ASSETS

A summary of the changes in the general fixed asset account group during the fiscal year follows:

	<u>Balance</u> <u>06/30/01</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/02</u>
Land/improvements	\$ 81,836	\$ -	\$ -	\$ 81,836
Buildings	7,252,649	-	-	7,252,649
Furniture/equipment	1,947,525	116,890	(16,140)	2,048,275
Vehicles	692,539	66,287	(54,004)	704,822
Textbooks	<u>1,207,852</u>	<u>-</u>	<u>-</u>	<u>1,207,852</u>
Total	<u>\$11,182,401</u>	<u>\$183,177</u>	<u>\$(70,144)</u>	<u>\$11,295,434</u>

A summary of the proprietary funds fixed assets at June 30, 2002 follows:

	<u>Proprietary</u>
Furniture and equipment	\$ 204,043
Less accumulated depreciation	<u>(183,535)</u>
Net fixed assets	<u>\$ 20,508</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 9 - NOTES PAYABLE

During fiscal 2002, the District retired \$330,000 in tax-anticipation note liability. The tax anticipation note was issued in anticipation of revenues from voted tax levies, in accordance with O.R.C. 5705.194. Proceeds have been used for general operating expenses of the District. This note is a general obligation of the District, for which the District's full faith and credit are pledged for repayment. This note is presented as a liability of the general fund, which received the proceeds upon issuance.

The following is a description of the District's general obligation notes payable as of June 30, 2002:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Notes Original Amount</u>	<u>Notes Outstanding 06/30/01</u>	<u>Retired in 2002</u>	<u>Outstanding 06/30/02</u>
Tax anticipation note	4.35%	11/01/97	12/01/02	\$1,575,000	\$675,000	\$(330,000)	\$345,000
Total				<u>\$1,575,000</u>	<u>\$675,000</u>	<u>\$(330,000)</u>	<u>\$345,000</u>

NOTE 10 - LONG-TERM OBLIGATIONS

On July 1, 1992, the District issued \$687,000 in Energy Conservation Notes, in accordance with the authority granted by H.B. 264.

Energy conservation notes outstanding are long-term general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the general long-term obligations account group. Payments of principal and interest relating to these notes are recorded as expenditures in the debt service fund; however, unlike general obligation notes, H.B. 264 allows for the issuance of energy conservation notes without voter approval, and the subsequent repayment of the notes from operating revenues.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- A. The following is a description of the District's long-term energy conservation notes outstanding as of June 30, 2002:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 06/30/01</u>	<u>Retired in Fiscal 2002</u>	<u>Balance 06/30/02</u>
Energy conservation notes	5.70%	07/01/92	06/01/02	\$687,000	\$85,000	\$(85,000)	\$ -
				<u>\$687,000</u>	<u>\$85,000</u>	<u>\$(85,000)</u>	<u>\$ -</u>

- B. During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term obligations account groups. Compensated absences will ultimately be paid from the fund from which the employee is paid.

	<u>Balance 06/30/01</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 06/30/02</u>
Compensated absences	\$797,885	\$141,056	\$ (84,645)	\$854,296
Pension benefit obligation	84,460	89,294	(84,460)	89,294
Energy conservation notes	<u>85,000</u>	<u>-</u>	<u>(85,000)</u>	<u>-</u>
Total	<u>\$967,345</u>	<u>\$230,350</u>	<u>\$(254,105)</u>	<u>\$943,590</u>

C. Legal Debt Margin

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

The effects of these debt limitations at June 30, 2002, are a voted debt margin of \$13,492,529 (including available funds of \$13,740) and an unvoted debt margin of \$149,764, and an unvoted energy conservation debt margin of \$1,347,879.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. During fiscal year 2002, the District has purchased property and casualty insurance from the Cincinnati Insurance Company; the policy's coverage maximum is \$42,653,968. General liability insurance, purchased from Hartford Insurance Company, carries a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. District-owned vehicle insurance is provided by Motorists Insurance Company, with a \$2,000,000 single occurrence limit.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

B. Group Health and Dental Insurance

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

While all benefit plans are traditionally-funded through common carriers, the Board's group health plan contains provisions for discounted amounts to be remitted to the carrier during the year (90% of the carrier-established premium for fiscal 2002), contingent upon the group's claims experience for the year. While the District has not retained risk for any claims, should the group's claim costs for the year exceed the threshold of the discounted amount remitted to the carrier during the year, the District must remit additional premium, to a maximum of the difference between the discounted premium and the full premium.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 11 - RISK MANAGEMENT - (Continued)

C. OSBA Worker's Compensation Group Rating

For fiscal year 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then, either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of Food Service, Uniform School Supplies, and Preschool Programs. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2002.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Preschool Programs</u>	<u>Total</u>
Operating revenues	\$ 340,855	\$ 27,188	\$ 14,765	\$ 382,808
Depreciation	4,186	-	791	4,977
Operating loss	(610,180)	(26,439)	(10,958)	(647,577)
Non-operating revenues				
Operating grants	366,765	-	-	366,765
Donated federal commodities	43,617	-	-	43,617
Net loss	(199,138)	(26,439)	(10,085)	(235,662)
Net working capital	(193,282)	(735)	27,528	(166,489)
Total assets	141,163	19,974	35,993	197,130
Total liabilities	354,927	20,709	3,805	379,441
Total fund equity/(deficit)	(213,764)	(735)	32,188	(182,311)
Encumbrances outstanding as of 6/30/02	11,673	720	2,090	14,483

**BUCYRUS CITY SCHOOL DISTRICT
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14% for 2002; 5.46% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by state statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$295,277, \$276,876, and \$275,845, respectively; 45.93% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$159,664, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

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

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,007,518, \$902,040, and \$928,238, respectively; 86.40% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$137,040, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2002, three members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$323,845 during fiscal 2002.

**BUCYRUS CITY SCHOOL DISTRICT
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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$198,173 during the 2002 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- (e) The District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been reclassified accordingly.

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

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ 100,191	\$ (217,839)	\$ -	\$ (26,319)
Net adjustment for revenue accruals	(144,513)	119,468	-	-
Net adjustment for expenditure accruals	(14,900)	(60,471)	352,185	(30,444)
Net adjustment for other sources/(uses)	590,430	802	(352,185)	-
Adjustment for encumbrances	<u>378,465</u>	<u>106,272</u>	<u>-</u>	<u>33,756</u>
GAAP basis	<u>\$ 909,673</u>	<u>\$ (51,768)</u>	<u>\$ -</u>	<u>\$ (23,007)</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the general purpose financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2002.

B. Litigation

The District is not involved in material litigation as either plaintiff or defendant.

C. School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund (cash basis) revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>	<u>BWC Refunds</u>
Balance 7/1/01	\$ 256,812	\$ -	\$69,721
Required set-aside	217,473	217,473	-
Qualifying expenditures	<u>(261,187)</u>	<u>(453,493)</u>	<u>-</u>
Balance 6/30/02	<u>\$ 213,098</u>	<u>\$(236,020)</u>	<u>\$69,721</u>
Cash Balance carry forward to FY 03	<u>\$ 213,098</u>	<u>\$ -</u>	<u>\$69,721</u>

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 17 - STATUTORY RESERVES - (Continued)

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute.

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

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

A schedule of the restricted assets at June 30, 2002 follows:

Amount restricted for instructional materials	\$213,098
Amount restricted for bus purchase allowance	26,383
Amount restricted for BWC refunds	<u>69,721</u>
Total restricted assets	<u><u>\$309,202</u></u>

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SUPPLEMENTAL DATA

**BUCYRUS CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A) (C) Food Distribution	10.550	N/A	\$ -	\$ 46,754	\$ -	\$ 43,017
(A) (D) School Breakfast Program	10.553	043687-05-PU-2001	16,366		16,366	
(A) (D) School Breakfast Program	10.553	043687-05-PU-2002	87,520		87,520	
(A) (D) National School Lunch	10.555	043687-LL-P1-2001	16,417		16,417	
(A) (D) National School Lunch	10.555	043687-LL-P4-2001	31,067		31,067	
(A) (D) National School Lunch	10.555	043687-LL-P4-2002	203,085		203,085	
(A) (C) Special Milk Program	10.556	043687-02-PU-2001	475		475	
(A) (C) Special Milk Program	10.556	043687-02-PU-2002	1,387		1,387	
(A) (C) Summer Food Service Program	10.559	043687-23-PU-2001	3,262		3,262	
(A) (C) Summer Food Service Program	10.559	043687-23-PU-2002	11,583		11,583	
(A) (C) Summer Food Service Program	10.559	043687-24-PU-2001	498		498	
(A) (C) Summer Food Service Program	10.559	043687-24-PU-2002	660		660	
Total U.S. Department of Agriculture and Nutrition Cluster			<u>372,320</u>	<u>46,754</u>	<u>372,320</u>	<u>43,017</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I	84.010	043687-C1-S1-2001	55,649		157,575	
Title I	84.010	043687-C1-S1-2001-C	3,204		-	
Title I	84.010	043687-C1-S1-2002	479,541		374,426	
Total Title I			<u>538,394</u>		<u>532,001</u>	
Special Education Cluster:						
(B) Title VI-B	84.027	043687-6B-SF-2000-P	-		39,569	
(B) Title VI-B	84.027	043687-6B-EC-2001	4,032		3,961	
(B) Title VI-B	84.027	043687-6B-EC-2002	127,509		122,113	
Total Title VI-B			<u>131,341</u>		<u>165,643</u>	
(B) Special Education Preschool Handicapped	84.173	043687-PG-S1-2000	-		5,212	
(B) Special Education Preschool Handicapped	84.173	043687-PG-S1 2002-P	10,553		10,553	
Total Special Education Preschool			<u>10,553</u>		<u>15,765</u>	
Total Special Education Cluster			<u>141,894</u>		<u>181,408</u>	
Safe and Drug-Free Schools	84.186	043687-DR-S1-2000	-		40	
Safe and Drug-Free Schools	84.186	043687-DR-S1-2001	-		7,547	
Safe and Drug-Free Schools	84.186	043687-DR-S1-2002	3,690		1,561	
Total Safe and Drug-Free Schools			<u>3,690</u>		<u>9,148</u>	
Continuous Improvement	84.276	043687-G2-S2-2000	-		17,255	
Continuous Improvement	84.276	043687-G2-S2-2001	-		11,714	
Total Continuous Improvement			<u>-</u>		<u>28,969</u>	
Eisenhower Professional Development	84.281	043687-MS-S1-2000	-		1,335	
Eisenhower Professional Development	84.281	043687-MS-S1-2001	973		5,304	
Eisenhower Professional Development	84.281	043687-MS-S1-2002	11,616		10,178	
Total Eisenhower Professional Development			<u>12,589</u>		<u>16,817</u>	
Innovative Educational Program Strategies	84.298	043687-C2-S1-2001	4,989		1,552	
Innovative Educational Program Strategies	84.298	043687-C2-S1-2002	2,949		2,986	
Total Innovative Educational Program Strategies			<u>7,938</u>		<u>4,538</u>	
Class Size Reduction	84.340	043687-CR-S1-2001	-		12,042	
Class Size Reduction	84.340	043687-CR-S1-2002	47,241		57,314	
Total Class Size Reduction			<u>47,241</u>		<u>69,356</u>	
Total U.S. Department of Education			<u>751,746</u>		<u>842,237</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:						
PRC Family Intervention	93.558	N/A	4,337		4,337	
(F) Community Alternative Funding System Program	93.778	N/A	37,675		37,675	
Total U.S. Department of Health and Human Services			<u>42,012</u>		<u>42,012</u>	
Total Federal Financial Assistance			<u>\$ 1,166,078</u>	<u>\$ 46,754</u>	<u>\$ 1,256,569</u>	<u>\$ 43,017</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
 (B) Included as part of "Special Education Grant Cluster" in determining major programs.
 (C) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
 (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
 (E) This schedule was prepared on the cash basis of accounting.
 (F) Passed through Mid-Ohio ESC

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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

Board of Education
Bucyrus City School District
630 Jump Street
Bucyrus, Ohio 44820

We have audited the general purpose financial statements of Bucyrus City School District as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated December 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bucyrus City School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items: 2002-BCSD-001 and 2002-BCSD-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Bucyrus City School District in a separate letter dated December 11, 2002.

Board of Education
Bucyrus City School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bucyrus City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Bucyrus City School District in a separate letter dated December 11, 2002.

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

Trimble, Julian & Grube, Inc.
December 11, 2002

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

Board of Education
Bucyrus City School District
630 Jump Street
Bucyrus, Ohio 44820

Compliance

We have audited the compliance of Bucyrus City School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2002. Bucyrus City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Bucyrus City School District's management. Our responsibility is to express an opinion on Bucyrus City School District's compliance based on our audit.

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

Board of Education
Bucyrus City School District

In our opinion, Bucyrus City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2002.

Internal Control Over Compliance

The management of Bucyrus City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bucyrus City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Trimble, Julian & Grube, Inc.
December 11, 2002

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

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

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

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

Finding Number	2002-BCSD-001
----------------	---------------

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Special Revenue	Auxiliary Services	\$28,281
Special Revenue	Teacher Development	2,944
Special Revenue	Management Information System	1,567
Special Revenue	Summer Intervention	4,757
Special Revenue	Extended Learning	34,742
Special Revenue	Miscellaneous State Grants	12,436
Special Revenue	Eisenhower Professional Development	2,267
Special Revenue	Title VI-B	9,023
Special Revenue	Safe and Drug-Free Schools	5,101
Special Revenue	Special Education Preschool Handicapped	3,687
Special Revenue	E-Rate	2,259
Special Revenue	Continuous Improvement	30,463
Special Revenue	Miscellaneous Federal Grants	1,845

With appropriations exceeding estimated resources, the District is spending monies that are not lawfully appropriated for those purposes and thus cause a fund deficit.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the District should monitor its budgetary process on a regular basis.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

**2. FINDINGS RELATED TO THE GENERAL PURPOSE
FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN
ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2002-BCSD-002
----------------	---------------

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures exceeding appropriations in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess</u>
General Fund	General Fund	\$1,115,958
Special Revenue	Other Grant	55,990
Special Revenue	School Improvement Models	15,348
Special Revenue	District Managed Activity	55,862
Special Revenue	Management Information System	1,719
Special Revenue	Ohio Reads	3,492
Special Revenue	Summer Intervention	13,130
Special Revenue	Innovative Educational Program Strategies	2,370
Capital Projects	SchoolNet Equipment	52,111
Enterprise	Uniform School Supplies	3,638
Enterprise	Food Service	287,773

With expenditures exceeding appropriations, the District is unlawfully expending monies that have not been appropriated.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget throughout the fiscal year. This may be achieved by monitoring the budget more closely on a continual basis.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**BUCYRUS CITY SCHOOL DISTRICT
CRAWFORD COUNTY
JUNE 30, 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u>; <i>Explain:</i>
2001-BCSD-001	Ohio Revised Code Section 5705.39	No	The District's Treasurer is attempting to prepare amendments to the amended certificates on a more frequent basis.
2001-BCSD-002	Ohio Revised Code Section 5705.41(B)	No	The District's Treasurer is attempting to prepare amendments to the budget on a more frequent basis.



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BUCYRUS CITY SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 6, 2003**