
Bethel-Tate Local School District

Clermont County

Single Audit

July 1, 1998 Through June 30, 1999

Fiscal Year Audited Under GAGAS: 1999

Bethel-Tate Local School District

Clermont County

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Fiscal Year Audited Under GAGAS: 1999

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BETHEL-TATE LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

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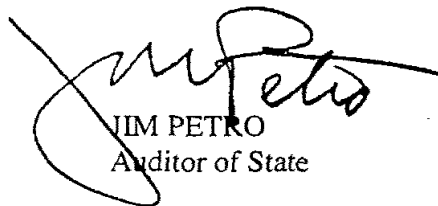
STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Education
Bethel-Tate Local School District
Bethel, Ohio

We have reviewed the Independent Auditor's Report of the Bethel-Tate Local School District, Clermont County, prepared by Michael A. Balestra, CPA, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

December 29, 1999

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Members of the Board of Education
Bethel-Tate Board of Education
200A West Plane Street
Bethel, Ohio 45106-1308

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 1999 on our consideration of the Bethel-Tate Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Bethel-Tate Local School District, Clermont County, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purpose 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.

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.
Certified Public Accountant

December 10, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

The general purpose financial statements of the School District include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operations and cash flows of the proprietary fund type.

BETHEL-TATE LOCAL SCHOOL DISTRICT
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999
 (Continued)

	<u>GOVERNMENTAL FUND TYPES</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,126,785	\$280,614	\$46,023	\$330,497
Cash and Cash Equivalents with Fiscal Agents	0	0	3,006	0
Receivables:				
Taxes	1,994,540	0	33,553	0
Accounts	47,289	4,030	0	0
Intergovernmental	11,603	3,000	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	46,011	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	260,863	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bond	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	 \$3,487,091	 \$287,644	 \$82,582	 \$330,497

<i>PRORIETARY</i>	<i>FIDUCIARY FUND TYPE</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust & Agency			
\$47,166	\$31,208	\$0	\$0	\$1,862,293
0	0	0	0	3,006
0	0	0	0	2,028,093
85	0	0	0	51,404
0	0	0	0	14,603
6,204	0	0	0	6,204
0	0	0	0	46,011
0	0	0	0	260,863
111,864	0	19,747,754	0	19,859,618
0	0	0	51,423	51,423
0	0	0	1,306,080	1,306,080
<u>\$165,319</u>	<u>\$31,208</u>	<u>\$19,747,754</u>	<u>\$1,357,503</u>	<u>\$25,489,598</u>

(continued)

BETHEL-TATE LOCAL SCHOOL DISTRICT
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999
(Continued)

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities,</i>				
<i>Fund Equity and Other Credits:</i>				
<i>Liabilities:</i>				
Accounts Payable	\$8,335	\$1,765	\$0	\$10,318
Accrued Wages and Benefits	787,196	17,345	0	0
Compensated Absences Payable	52,460	0	0	0
Intergovernmental Payable	163,757	2,141	0	0
Deferred Revenue	1,753,965	0	28,153	0
Due to Students	0	0	0	0
Matured Interest Payable	0	0	3,006	0
Accrued Interest Payable	0	0	0	2,290
Notes Payable	0	0	0	47,000
Capital Leases Payable	0	0	0	0
Energy Conservaiton Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	2,765,713	21,251	31,159	59,608
<i>Fund Equity and Other Credits:</i>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	24,813	14,378	0	9,629
Reserved for Inventory	46,011	0	0	0
Reserved for Property Taxes	280,700	0	5,400	0
Reserved for Instructional Materials	79,283	0	0	0
Reserved for Capital Improvements	32,613	0	0	0
Reserved for Budget Stabilization	148,967	0	0	0
Unreserved:				
Undesignated	108,991	252,015	46,023	261,260
Total Fund Equity and Other Credits	721,378	266,393	51,423	270,889
Total Liabilities, Fund Equity and Other Credits	\$3,487,091	\$287,644	\$82,582	\$330,497

See accompanying notes to the general purpose financial statements

<u>PRORIETARY</u>	<u>FIDUCIARY</u>	<u>ACCOUNT GROUPS</u>		Totals (Memorandum Only)
	<u>FUND TYPE</u>	General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust & Agency			
\$0	\$96	\$0	\$0	\$20,514
22,124	0	0	0	826,665
1,292	0	0	657,029	710,781
23,530	0	0	62,642	252,070
16,356	0	0	0	1,798,474
0	31,112	0	0	31,112
0	0	0	0	3,006
0	0	0	0	2,290
0	0	0	127,000	174,000
0	0	0	35,832	35,832
0	0	0	400,000	400,000
0	0	0	75,000	75,000
<u>63,302</u>	<u>31,208</u>	<u>0</u>	<u>1,357,503</u>	<u>4,329,744</u>
0	0	19,747,754	0	19,747,754
102,017	0	0	0	102,017
0	0	0	0	48,820
0	0	0	0	46,011
0	0	0	0	286,100
0	0	0	0	79,283
0	0	0	0	32,613
0	0	0	0	148,967
0	0	0	0	668,289
<u>102,017</u>	<u>0</u>	<u>19,747,754</u>	<u>0</u>	<u>21,159,854</u>
<u>\$165,319</u>	<u>\$31,208</u>	<u>\$19,747,754</u>	<u>\$1,357,503</u>	<u>\$25,489,598</u>

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BETHEL - TATE LOCAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Fund Types
For the Fiscal Year Ended June 30, 1999

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<u>Revenues:</u>					
Intergovernmental	\$7,108,211	\$491,206	\$4,345	\$574,574	\$8,178,336
Interest	107,882	0	0	0	107,882
Tuition and Fees	93,898	0	0	0	93,898
Rent	4,116	0	0	0	4,116
Extracurricular Activities	0	87,492	0	0	87,492
Gifts and Donations	0	18,226	0	0	18,226
Property and Other Local Taxes	2,085,688	0	38,458	6,504	2,130,650
Miscellaneous	85,577	56,145	32,251	0	173,973
Total Revenues	9,485,372	653,069	75,054	581,078	10,794,573
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	4,490,775	169,287	0	163,466	4,823,528
Special	1,006,331	152,737	0	0	1,159,068
Vocational	124,360	4,870	0	0	129,230
Adult/Continuing	0	11,376	0	0	11,376
Support Services:					
Pupils	202,181	8,476	0	0	210,657
Instructional Staff	268,833	99,465	0	0	368,298
Board of Education	14,276	185	0	0	14,461
Administration	727,570	1,912	0	0	729,482
Fiscal	225,957	765	0	0	226,722
Operation and Maintenance of Plant	757,235	0	0	7,049	764,284
Pupil Transportation	608,934	0	0	0	608,934
Central	57,735	67,887	0	0	125,622
Non - Instructional Services	20,000	2,108	0	0	22,108
Extracurricular Activities	74,731	69,330	0	0	144,061
Capital Outlay	0	0	0	434,903	434,903
Debt Service:					
Debt Service - Principal	96,753	0	63,000	0	159,753
Debt Service - Interest	27,395	0	13,393	2,309	43,097
Total Expenditures	8,703,066	588,398	76,393	607,727	9,975,584
Excess of Revenues Over (Under) Expenditures	782,306	64,671	(1,339)	(26,649)	818,989
Fund Balances at Beginning of Year as Restated in Note 22	(32,582)	201,722	52,762	297,538	519,440
Increase (Decrease) in Inventory	(28,346)	0	0	0	(28,346)
Fund Balances at End of Year	\$721,378	\$266,393	\$51,423	\$270,889	\$1,310,083

See accompanying notes to the general purpose financial statements

BETHEL - TATE LOCAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 1999

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$7,104,027	\$7,104,027	\$0	\$488,206	\$488,206	\$0
Interest	107,882	107,882	0	0	0	0
Tuition and Fees	93,898	93,898	0	0	0	0
Rent	4,115	4,115	0	0	0	0
Extracurricular Activities	0	0	0	87,492	87,492	0
Gifts and Donations	0	0	0	18,226	18,226	0
Property and Other Local Taxes	1,880,688	1,880,688	0	0	0	0
Miscellaneous	87,697	87,697	0	59,097	59,097	0
Total Revenues	9,278,307	9,278,307	0	653,021	653,021	0
Expenditures:						
Current:						
Instruction:						
Regular	4,614,472	4,449,795	164,677	284,782	172,062	112,720
Special	1,227,048	1,004,810	222,238	221,992	160,256	61,736
Vocational	123,828	123,828	0	17,739	4,870	12,869
Adult/Continuing	0	0	0	10,749	11,376	(627)
Support Services:						
Pupils	230,845	213,064	17,781	10,643	8,476	2,167
Instructional Staff	300,482	267,707	32,775	104,166	97,624	6,542
Board of Education	16,400	14,286	2,114	5,185	185	5,000
Administration	792,884	762,580	30,304	1,915	1,915	0
Fiscal	263,310	227,380	35,930	770	770	0
Operation and Maintenance of Plant	1,002,403	772,759	229,644	0	0	0
Pupil Transportation	700,098	602,948	97,150	0	0	0
Central	149,420	74,387	75,033	99,488	73,458	26,030
Non-Instructional Services	24,000	24,000	0	2,012	2,231	(219)
Extracurricular Activities	126,067	87,747	38,320	83,925	74,086	9,839
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Debt Service - Principal	85,000	85,000	0	0	0	0
Debt Service - Interest	24,515	24,515	0	0	0	0
Total Expenditures	9,680,772	8,734,806	945,966	843,366	607,309	236,057
Excess of Revenues Over (Under) Expenditures	(402,465)	543,501	945,966	(190,345)	45,712	236,057
Other Financing Sources (Uses):						
Proceeds from Sale of Long Term Notes	0	0	0	0	0	0
Other Financing Uses	(358,649)	0	358,649	0	0	0
Refund of Prior Year Expenditures	0	0	0	136	136	0
Operating Transfers Out	(31,203)	0	31,203	0	0	0
Total Other Financing Sources (Uses)	(389,852)	0	389,852	136	136	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(792,317)	543,501	1,335,818	(190,209)	45,848	236,057
Fund Balances at Beginning of Year	792,609	792,609	0	204,417	204,417	0
Prior Year Encumbrances Appropriated	18,389	18,389	0	14,208	14,208	0
Fund Balances at End of Year	\$18,681	\$1,354,499	\$1,335,818	\$28,416	\$264,473	\$236,057

See accompanying notes to the general purpose financial statements

<i>DEBT SERVICE FUND</i>			<i>CAPITAL PROJECTS FUND</i>			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,345	\$4,345	\$0	\$574,574	\$574,574	\$0	\$8,171,152	\$8,171,152	\$0
0	0	0	0	0	0	107,882	107,882	0
0	0	0	0	0	0	93,898	93,898	0
0	0	0	0	0	0	4,115	4,115	0
0	0	0	0	0	0	87,492	87,492	0
0	0	0	0	0	0	18,226	18,226	0
41,162	41,162	0	0	0	0	1,921,850	1,921,850	0
32,251	32,251	0	0	0	0	179,045	179,045	0
77,758	77,758	0	574,574	574,574	0	10,583,660	10,583,660	0
0	0	0	393,051	176,509	216,542	5,292,305	4,798,366	493,939
0	0	0	0	0	0	1,449,040	1,165,066	283,974
0	0	0	0	0	0	141,567	128,698	12,869
0	0	0	0	0	0	10,749	11,376	(627)
0	0	0	0	0	0	241,488	221,540	19,948
0	0	0	0	0	0	404,648	365,331	39,317
0	0	0	0	0	0	21,585	14,471	7,114
0	0	0	0	0	0	794,799	764,495	30,304
0	0	0	0	0	0	264,080	228,150	35,930
0	0	0	8,385	7,049	1,336	1,010,788	779,808	230,980
0	0	0	0	0	0	700,098	602,948	97,150
0	0	0	0	0	0	248,908	147,845	101,063
0	0	0	0	0	0	26,012	26,231	(219)
0	0	0	0	0	0	209,992	161,833	48,159
0	0	0	423,119	432,349	(9,230)	423,119	432,349	(9,230)
132,346	114,000	18,346	0	0	0	217,346	199,000	18,346
43,573	15,897	27,676	0	0	0	68,088	40,412	27,676
175,919	129,897	46,022	824,555	615,907	208,648	11,524,612	10,087,919	1,436,693
(98,161)	(52,139)	46,022	(249,981)	(41,333)	208,648	(940,952)	495,741	1,436,693
47,000	47,000	0	0	0	0	47,000	47,000	0
0	0	0	0	0	0	(358,649)	0	358,649
0	0	0	0	0	0	136	136	0
0	0	0	0	0	0	(31,203)	0	31,203
47,000	47,000	0	0	0	0	(342,716)	47,136	389,852
(51,161)	(5,139)	46,022	(249,981)	(41,333)	208,648	(1,283,668)	542,877	1,826,545
51,161	51,161	0	263,917	263,917	0	1,312,104	1,312,104	0
0	0	0	90,949	90,949	0	123,546	123,546	0
\$0	\$46,022	\$46,022	\$104,885	\$313,533	\$208,648	\$151,982	\$1,978,527	\$1,826,545

See accompanying notes to the general purpose financial statements

BETHEL - TATE LOCAL SCHOOL DISTRICT
Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type
	Enterprise
<u>Operating Revenues:</u>	
Sales	\$233,677
Other Operating Revenues	2,416
	236,093
<u>Operating Expenses:</u>	
Salaries	140,452
Fringe Benefits	72,939
Purchased Services	9,086
Materials and Supplies	17,380
Cost of Sales	132,834
Depreciation	4,070
	376,761
Operating Loss	(140,668)
<u>Non-Operating Revenues (Expenses):</u>	
Federal Donated Commodities	29,252
Interest Income	1,000
Federal and State Subsidies	119,037
	149,289
Net Income	8,621
Retained Earnings at Beginning of Year as Restated in Note 22	93,396
Retained Earnings (Deficit) at End of Year	\$102,017
Total Fund Equity at End of Year	\$102,017

See accompanying notes to the general purpose financial statements

BETHEL - TATE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type and Similar Trust Funds
For the Fiscal Year Ended June 30, 1999

	ENTERPRISE FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating Revenues:</i>			
Sales	\$233,677	\$233,677	\$0
Other Revenues	2,889	2,889	0
<i>Total Operating Revenues</i>	236,566	236,566	0
<i>Operating Expenses:</i>			
Salaries	168,135	149,898	18,237
Fringe Benefits	61,264	53,753	7,511
Purchased Services	25,196	8,859	16,337
Materials and Supplies	121,234	121,234	0
Capital Outlay	5,058	349	4,709
<i>Total Operating Expenses</i>	380,887	334,093	46,794
<i>Operating Income (Loss)</i>	(144,321)	(97,527)	46,794
Non-Operating Revenues and Expenses			
	1,000	1,000	0
Federal and State Subsidies	119,037	119,037	0
<i>Total Non-Operating Revenues and Expenses</i>	120,037	120,037	0
<i>Excess of Revenues and Other Over(Under) Expenses and Other</i>	(24,284)	22,510	46,794
Fund Equity at Beginning of Year	24,434	24,434	0
Fund Equity at Beginning of Year Unexpended Prior Year Encumbrances	150	150	0
Fund Equity at End of Year	\$300	\$47,094	\$46,794

See accompanying notes to the general purpose financial statements

BETHEL - TATE LOCAL SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type
	Enterprise
<i>Increase (Decrease) in Cash and Cash Equivalents:</i>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$233,677
Cash Payments to Suppliers for Goods and Services	(130,370)
Cash Payments to Employees for Services	(149,898)
Cash Payments for Employee Benefits	(53,753)
Cash Received from Other Operating Sources	2,888
Net Cash Used for Operating Activities	(97,456)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	119,037
Net Cash Provided by Noncapital Financing Activities	119,037
<u>Cash Flows from Investing Activities:</u>	
Interest	1,000
Net Cash Used for Capital and Related Financing Activities	1,000
Net Decrease in Cash and Cash Equivalents	22,581
Cash and Cash Equivalents at Beginning of Year	24,585
Cash and Cash Equivalents at End of Year	\$47,166
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$140,668)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Depreciation	4,070
Donated Commodities Used During Year	29,252
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	472
Decrease in Inventory Held for Resale	(3,308)
(Decrease) in Accounts Payable	(50)
Increase in Accrued Wages and Benefits	5,674
(Decrease) in Compensated Absences Payable	(7,818)
Increase in Intergovernmental Payable	11,884
Increase in Deferred Revenue	3,036
Total Adjustments	43,212
Net Cash Used for Operating Activities	(\$97,456)

See accompanying notes to the general purpose financial statements

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in the early 1800's through the consolidation of existing land areas and school districts. The School District serves an area of approximately 48.04 square miles. It is located in Clermont County, and includes the Village of Bethel and Tate Township. It is staffed by 62 non-certificated employees, 103 certificated full-time teaching personnel and 9 administrative employees who provide services to 2,011 students and other community members. The School District currently operates 3 instructional buildings, 3 modular units, 1 annex, 1 administrative office, 1 garage, 1 bus barn, and 1 maintenance barn.

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

The following organizations which perform activities within the School District's boundaries for the benefits of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these organizations nor are they fiscally dependent on the District.

Boosters Clubs
Parent-Teacher Organizations

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as a public entity risk pool, and one as an insurance purchasing pool. These organizations are the Hamilton/Clermont Cooperative Association/Unified Purchasing Association, the U.S. Grant Joint Vocational School, the Hamilton/Clermont Cooperative Association, the Clermont County Health Trust, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations and the School District's participation is discussed in Notes 16, 17 and 18 to the General Purpose Financial Statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

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

General Fund - The General Fund is the operating fund of the School 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure 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 obligation principal, interest, and related costs.

Capital Projects Funds - The capital projects fund is 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).

Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Fund - The enterprise fund is used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been 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.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation - Fund Accounting (continued)

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 a general nature, the following account groups are used:

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

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

B. Measurement Focus and Basis of Accounting

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

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues 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. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they 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 revenue.

C. Budgetary Process

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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget:

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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Clermont County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999. At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process (continued)

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, one supplemental appropriation was legally enacted; however, this amendment was not significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, all cash received by the School District Treasurer is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 1999, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Investments (continued)

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

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

E. Inventory

Inventories of governmental funds are stated at cost while inventory of the proprietary fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory of the proprietary fund consists of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of twenty years.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Intergovernmental Revenues (Continued)

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Venture Capital
Education Management Information Systems
Disadvantaged Pupil Impact Aid
Title I
Title VI
Title VI-B
Drug-Free Schools
Professional Development Block Grant

Capital Projects Funds

School Net
School Net Plus
Technology Equity

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately seventy-six percent of the School District's operating revenue during the 1999 fiscal year.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Accrued Liabilities and 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 considered not to have used current available financial resources. Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due.

Obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, budget stabilization, instructional materials, capital improvements, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, capital improvements reserve, and textbooks and materials reserve. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. The capital improvement reserve and textbooks and materials reserve can be used with local board approval. See Note 23 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. Estimates

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

O. Total Columns on General Purpose Financial Statements

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

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

A. Compliance

For the year ended June 30, 1999, expenditures exceeded budget at the legal level of budgetary control as follows:

Fund/Function	Excess
Special Revenue Funds:	
Vocational	\$ 627
Non-instructional Services	219
Capital Projects Fund:	
Capital Outlay	9,230

B. Accountability

At June 30, 1999, the Chapter 1 Special Revenue Fund had a deficit fund balance of \$2,397. In addition, the emergency Building Repair Capital Project Fund had a deficit fund balance of \$2,982, all of which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. 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).
6. The School 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 allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Over (Under) Expenses, Transfers and Advances Proprietary Fund Type	Enterprise
GAAP Basis	\$8,621
Revenue Accruals	(28,780)
Expense Accruals:	42,741
Encumbrances	(72)
Budget Basis	\$22,510

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$782,306	\$64,671	\$(1,339)	\$(26,649)
Revenue Accruals	(207,063)	88	9,208	(6,504)
Expenditure Accruals	1,406	(2,768)	(53,504)	6,244
Note Proceeds	0	0	40,496	0
Encumbrances	(33,148)	(16,143)	0	(14,424)
Budget Basis	\$543,501	\$45,848	\$(5,139)	\$(41,333)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or other obligations 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 other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain Banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, debt interests 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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Deposits At year end, the carrying amount of the School District's deposits was \$117,525 and the bank balance was \$205,689. Of the bank balance:

1. \$177,479 was covered by federal depository insurance; and
2. \$28,210 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

	Interest		Category			Carrying Amount	Fair Value
	Rate		1	2	3		
<i>Investments:</i>							
Investment in State							
Treasurer's Investment							
Pool	NA					\$ 2,008,637	\$2,008,637
Total Investments						\$ 2,008,637	\$2,008,637

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

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,126,162	\$0
<i>Investments:</i>		
STAR Ohio	(2,008,637)	2,008,637
GASB Statement 3	\$117,525	\$2,008,637

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - PROPERTY TAXES (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Clermont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$280,700 in the General Fund and \$5,400 in the Debt Service Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$83,268,410	90.90%	\$85,268,340	88.30%
Public Utility	5,362,970	5.86%	8,406,910	8.70%
Tangible Personal Property	2,956,218	3.24%	2,903,749	3.00%
Total Assessed Value	<u>\$91,587,598</u>	<u>100.00%</u>	<u>\$96,578,999</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.10		\$34.10	

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 7 - RECEIVABLES

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

	Amounts
General Fund	
Excess Costs	\$11,153
Drivers Education	450
Total General Fund	11,603
Special Revenue Funds	
Grants and Entitlements	3,000
Total Special Revenue Funds	3,000
Total Intergovernmental Receivables	\$14,603

NOTE 8 - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$8,337,959	\$7,922	\$0	\$8,345,881
Buildings and Improvements	6,362,016	351,041	21,982	6,691,075
Furniture, Fixtures and Equipment	2,383,288	414,183	84,388	2,713,083
Vehicles	992,752	36,582	0	1,029,334
Infrastructure	0	9,563	0	9,563
Books	945,909	12,909	0	958,818
Totals	\$19,021,924	\$832,200	\$106,370	\$19,747,754

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$197,939
Less Accumulated Depreciation	(86,075)
Net Fixed Assets	\$111,864

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Indiana Insurance for property, fleet, and inland marine insurance and with Nationwide Insurance for liability insurance. Coverages provided are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$16,033,233
Inland Marine Coverage (\$250 deductible)	457,000
Boiler and Machinery (\$500 deductible)	500,000
Crime Insurance	5,000
Automobile Liability (No deductible)	1,000,000
Uninsured Motorists (No deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

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

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

For fiscal year 1999, the School District participated in the Clermont County Health Trust (the Trust), a public entity risk pool (Note 17), in order to provide life, sick, accident, and other benefits to Employees. Their dependents and designated beneficiaries and to set aside funds for such purposes. Any of such benefits, as the Trustee may determine, may be provided in whole or in part through one or more group insurance policies.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Bethel Tate Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Schools District's contributions for pension obligations to SERS for the fiscal years ending June 30, 1997, 1998, and 1999 was \$114,504, \$117,675, and \$51,493 respectively, 38 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$84,144 representing the unpaid contribution for fiscal year 1998, is recorded as a liability within the respective funds and the general long-term obligations account group.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System

The Bethel-Tate Local School District participates in 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614)227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contribution for pension obligations to STRS for the fiscal years ending June 30, 1997, 1998, and 1999 was \$555,861, \$492,390 and \$596,609 respectively, 86 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$97,934 representing the unpaid contribution for fiscal year 1998, is recorded as a liability within the respective funds.

C. Social Security System

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

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

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 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. Through June 30, 1997, the board allocated employer contributions equal to two percent of covered payroll the Health Care Reserve Fund. Beginning July 1, 1997, this allocation was increased to 3.5 percent. For the District, this amount equaled \$201,366 during fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1998, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$60,955 during the 1999 fiscal year.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum by all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 44 days.

B. Life Insurance

The School District provides life insurance to most employees through Unum.

NOTE 13 - SHORT-TERM OBLIGATIONS

As of June 30, 1999, the School District had \$47,000 in outstanding short-term obligations. During fiscal year 1999, the School District retired bond anticipation notes in the amount of \$51,000. The debt had been reported in and was paid from the Capital Project Funds.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/97	Additions	Deductions	Principal Outstanding 6/30/98
Junior High Addition Bond 1983 9.25%	\$50,000	\$0	\$25,000	\$25,000
Junior High Addition Bond 1983 9.25%	60,000	0	10,000	50,000
Energy Conservation Loan 1993 4.8%	295,000	0	55,000	240,000
Energy Conservation Loan 1994 5.45%	190,000	0	30,000	160,000
School Bus Financing Note 1996 5.35%	155,000	0	28,000	127,000
Total Long-Term Bonds and Loans	750,000	0	148,000	602,000
Pension Obligation	61,889	753	0	62,642
Compensated Absences	889,174	0	232,145	657,029
Capital Leases	47,585	0	11,753	35,832
Total General Long-Term Obligations	\$1,748,648	\$753	\$391,898	\$1,357,503

Bethel-Tate School Improvements General Obligation Bonds - On April 1, 1983, Bethel-Tate Local School District issued \$400,000 in voted general obligation bonds for the purpose of improvements to the elementary school building. The bonds were issued for a sixteen year period with final maturity at December 1, 1999. The bonds will be retired from the debt service fund.

Bethel-Tate School Improvements General Obligation Bonds - On April 1, 1983, Bethel-Tate Local School District issued \$200,000 in voted general obligation bonds for the purpose of improvements to the middle school building. The bonds were issued for a twenty year period with final maturity at December 1, 2003. The bonds will be retired from the debt service fund.

Energy Conservation Loan - On June 1, 1993, Bethel-Tate Local School District issued \$535,690 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2003. The loan will be retired from the General Fund.

Energy Conservation Loan - On July 1, 1994, Bethel-Tate Local School District issued \$290,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2004. The loan will be retired from the General Fund.

School Bus Financing Notes - On May 1, 1996, Bethel-Tate Local School District issued \$208,000 in unvoted general obligation notes for the purpose of purchasing buses in a pool and, therefore, receiving them at a discounted cost. The notes were issued for a seven year period with final maturity during fiscal year 2003. The notes will be retired from the General Fund.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$8,692,110 within unvoted debt margin of \$96,579 at June 30, 1999.

Principal and interest requirements to retire general obligation debt, including notes and loans outstanding at June 30, 1999, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$149,000	\$32,550	\$181,550
2001	131,000	24,628	155,628
2002	133,000	17,498	150,498
2003	144,000	10,227	154,227
2004	45,000	2,370	47,370
Total	<u>\$602,000</u>	<u>\$87,273</u>	<u>\$689,273</u>

NOTE 15 - CAPITALIZED LEASES - LEASE DISCLOSURE

The District had entered into capitalized leases for the acquisition of reproduction equipment. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the General Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$57,760 which is equal to the present value of future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long term obligations account group.

Fiscal Year Ending June 30	Long - Term Obligations
2000	\$13,455
2001	13,455
2002	<u>13,455</u>
Total Minimum Lease Payments	40,365
Less: Amount Representing Interest	(4,533)
Present Value of Minimum Lease Payments	<u>\$35,832</u>

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Hamilton Clermont Cooperative Association/Unified Purchasing Association - The Hamilton Clermont Cooperative Association/Unified Purchasing Association is a jointly governed organization among a two county consortium of school districts. The Unified Purchasing Cooperative was organized under the Hamilton Clermont Cooperative Association to benefit member districts with a more economically sound purchasing mechanism for general school, office and cafeteria supplies. The Unified Purchasing Cooperative organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments.

U.S. Grant Joint Vocational School - The U.S. Grant Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the four participating school districts' elected boards with an additional representative rotated among the four schools. The Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the U.S. Grant Joint Vocational School, Marion Canter, who serves as Treasurer, at 3046 State Route 125, Bethel, Ohio 45106.

Hamilton/Clermont Cooperative Association - The School District is a participant in the Hamilton/ Clermont Cooperative Association (H/CCA) which is a computer consortium. H/CCA is an association of 24 public school districts within the boundaries of Hamilton and Clermont Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of H/CCA consists of the superintendents and/or treasurers of the participating members. H/CCA is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The School District paid H/CCA \$15,473 for services provided during the year. Financial information can be obtained from the H/CCA of Boards of Education, Steve Hawley, Director, at 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

NOTE 17 - PUBLIC ENTITY RISK POOL

Clermont County Health Trust - The Clermont County Health Trust (the Trust), a public entity risk pool, is a health trust formed to provide affordable and desirable life, sick, accident, and other beneficial group insurance for member's employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members and Trustees are elected by the vote of a majority of the member school districts. The School District pays premiums to the health trust based on what an insurer estimates will cover the costs of all claims for which the insurer is obligated. Upon termination, the School District shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Trust. The School District may terminate participation in the Trust for the benefit if its employees upon written notice to the Trustee delivered at least sixty days prior to the annual review date of the Policy. Financial information can be obtained from the Clermont County Health Trust at P.O. Box 526 Middletown, Ohio 45042.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 - CONTINGENCIES

A. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

B. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 adverse effect on the overall financial position of the School District at June 30, 1999.

NOTE 20 - YEAR 2000 COMPLIANCE

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

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

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

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

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

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Bethel-Tate Local School District is or will be Year 2000 ready, that the Bethel-Tate Local School District's remediation efforts will be successful in whole or in part, or that parties with whom the Bethel-Tate Local School District does business will be year 2000 ready.

Bethel-Tate Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 21 - SUPREME COURT CASE DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amount of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$6,422,517 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of October 8, 1999, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

NOTE 22 - RESTATED FUND BALANCE/EQUITY

Correction of accounting errors in the prior year required that certain adjustments be recorded to the July 1, 1998 fund balances/retained earnings as previously reported. The restatements to the opening fund balances/retained earnings are as follows:

Fund Type	Previously Stated Balances at 06/30/98	Adjustments	Restated Balance at 07/01/98
Special Revenue Funds	\$331,455	(129,733)	201,722
Capital Projects Funds	165,078	132,460	297,538
Enterprise Funds	100,967	(7,571)	93,396
General Fixed Assets	19,129,403	(107,479)	19,021,924

NOTE 23 - STATUTORY RESERVES

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

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance 07/01/1998	\$0	\$0	\$83,878	\$83,878
Required Set-Aside	130,178	130,178	65,089	325,445
Offset Credits	0	0	0	0
Qualifying Expenditures	50,895	97,565	0	148,460
Balance 06/30/1999	\$79,283	\$32,613	\$148,967	\$260,863

BETHEL-TATE LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO

Schedule of Federal Awards Expenditures
June 30, 1999

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>passed through the Ohio Department of Education</i>						
Child Nutrition Cluster: Food Distribution Program	NA	10.550		32,880		29,252
National School Lunch Program	046318 04-PU-00	10.555	112,338		112,338	
Total U.S. Department of Agriculture - Child Nutrition Cluster			112,338	32,880	112,338	29,252
U.S. DEPARTMENT OF LABOR						
<i>passed through the Ohio School To Work District 5</i>						
School To Work	NA	17.249	22,700		4,871	
Total Department of Labor			22,700		4,871	
U.S. DEPARTMENT OF EDUCATION						
<i>passed through the Ohio Department of Education</i>						
Special Education Grants to the States	046318 C1-S1-99	84.010	124,234		167,021	
Special Education Grants to States (IDEA Part B)	046318 6B-SF-99	84.027	72,720		28,753	
Safe and Drug Free Schools	046318 DR-S1-99	84.186	10,316		13,400	
Goals 2000 Subsidy	046318 G2-S1-99	84.276	159,483		129,301	
Eisenhower Mathematics and Science Education	046318 MS-S1-99	84.281	7,220		1,486	
Innovative Educational Program Strategy and Consolidation Act	046318 C2-S1-99	84.298	7,338		904	
Total Department of Education			381,311		340,865	
Total Federal Assistance:			516,349	32,880	458,074	29,252

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B -- FOOD DISTRIBUTIONS

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the School District had no significant food commodities in inventory.

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*

Members of the Board Education
Bethel-Tate Local School District
200A West Plane Street
Bethel, Ohio 45106-1308

We have audited the financial statements of the Bethel-Tate Local School District, Clermont County, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.
Certified Public Accountant

December 10, 1999

MICHAEL A. BALESTRA, CPA, INC.
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Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB circular A-133

Members of the Board of Education
Bethel-Tate Local School District
200A West Plane Street
Bethel, Ohio 45106-1308

Compliance

We have audited the compliance of the Bethel-Tate Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. Bethel-Tate Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bethel-Tate Local School District's management. Our responsibility is to express an opinion on Bethel-Tate Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bethel-Tate Local 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 Bethel-Tate Local School District's compliance with those requirements.

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

Internal Control Over Compliance

The management of Bethel-Tate Local 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 Bethel-Tate Local 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.

Members of the Board of Education
Bethel-Tate Local School District
Bethel, Ohio 45106-1308
Page 2

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 of the audit committee, management, and members of the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than the specified parties.

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.
Certified Public Accountant

December 10, 1999

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**BETHEL-TATE LOCAL SCHOOL DISTRICT
CLERMONT COUNTY
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**BETHEL-TATE LOCAL SCHOOL DISTRICT
CLERMONT COUNTY
JUNE 30, 1999**

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

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



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OFFICE OF THE AUDITOR
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BETHEL-TATE LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JANUARY 13, 2000