

**BELLEVUE CITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2002**





**Auditor of State  
Betty Montgomery**

Board of Education  
Bellevue City School District  
125 North Street  
Bellevue, OH 44811

We have reviewed the Independent Auditor's Report of the Bellevue City School District, Huron County, prepared by Gary B. Fink & Associates, Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

March 25, 2003

**This Page is Intentionally Left Blank.**

**BELLEVUE CITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2002**

**TABLE OF CONTENTS**

<i>INDEPENDENT AUDITOR'S REPORT</i> .....	1
<i>GENERAL PURPOSE FINANCIAL STATEMENTS</i>	
Combined Balance Sheet – All Fund Types and Accounts Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Fund .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types .....	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types .....	10
Combined Statement of Cash Flows – All Proprietary Fund Types .....	11
Notes to the General Purpose Financial Statements .....	12
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	44
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .....	46
Schedule of Expenditures of Federal Awards .....	48
Notes to the Schedule of Expenditures of Federal Awards .....	49
Schedule of Findings .....	50

**This Page is Intentionally Left Blank.**

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Bellevue City School District  
125 North Street  
Bellevue, OH 44811

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**INDEPENDENT AUDITOR'S REPORT** (continued)

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

A handwritten signature in black ink, appearing to read "G. B. Fink". The signature is stylized with a large initial "G" and a long horizontal stroke.

GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

February 19, 2003



*GENERAL PURPOSE FINANCIAL STATEMENTS*

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents	\$597,613	\$282,514	\$42,713	\$168,597
Receivables (net of allowances of uncollectibles):				
Property taxes - current and delinquent	7,068,545	0	0	548,502
Accounts	8,973	309	0	0
Accrued interest	8,842	0	0	0
Income Tax	199,098	0	0	0
Interfund loan receivable	5,758	0	0	0
Due from other governments	1,905	4,758	0	0
Materials and supplies inventory	45,196	0	0	0
Prepayments	16,163	0	0	0
Property, plant and equipment (net of accumulated depreciation where applicable)	0	0	0	0
<b>OTHER DEBITS:</b>				
Amount available in debt service fund	0	0	0	0
Amount to be provided for retirement of general long-term obligations	0	0	0	0
<b>Total assets and other debits</b>	<b>\$7,952,093</b>	<b>\$287,581</b>	<b>\$42,713</b>	<b>\$717,099</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$23,251	\$7,494	\$0	\$642
Accrued interest payable	5,111	0	0	0
Accrued wages and benefits	1,316,728	73,819	0	4,551
Compensated absences payable	201,090	74	0	0
Pension obligation payable	219,284	7,872	0	0
Interfund loan payable	0	4,758	0	0
Deferred revenue	6,269,656	0	0	488,443
Due to other governments	33,396	2,385	0	183
Due to students	0	0	0	0
General obligation bonds payable	0	0	0	0
General obligation notes payable	0	0	0	0
Energy conservation notes payable	0	0	0	0
Tax anticipation notes payable	350,000	0	0	0
Income tax anticipation notes payable	600,000	0	0	0
Obligation under capital lease	0	0	0	0
<b>Total liabilities</b>	<b>9,018,516</b>	<b>96,402</b>	<b>0</b>	<b>493,819</b>
<b>EQUITY AND OTHER CREDITS:</b>				
Investment in general fixed assets	0	0	0	0
Retained earnings: unreserved	0	0	0	0
Fund balances (deficit):				
Reserved for encumbrances	73,911	65,825	0	2,004
Reserved for materials and supplies inventory	45,196	0	0	0
Reserved for prepayments	16,163	0	0	0
Reserved for debt service	0	0	42,713	0
Reserved for tax revenue unavailable for appropriation	919,181	0	0	67,620
Unreserved-undesignated	(2,120,874)	125,354	0	153,656
<b>Total equity and other credits</b>	<b>(1,066,423)</b>	<b>191,179</b>	<b>42,713</b>	<b>223,280</b>
<b>Total liabilities, equity and other credits</b>	<b>\$7,952,093</b>	<b>\$287,581</b>	<b>\$42,713</b>	<b>\$717,099</b>

The notes to the general purpose financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$72,646	\$5,008	\$72,974	\$0	\$0	\$1,242,065
0	0	0	0	0	7,617,047
217	0	587	0	0	10,086
0	0	0	0	0	8,842
0	0	0	0	0	199,098
0	0	0	0	0	5,758
20,911	0	0	0	0	27,574
30,204	0	0	0	0	75,400
378	0	0	0	0	16,541
17,643	280	0	12,933,653	0	12,951,576
0	0	0	0	42,713	42,713
0	0	0	0	3,119,001	3,119,001
<u>\$141,999</u>	<u>\$5,288</u>	<u>\$73,561</u>	<u>\$12,933,653</u>	<u>\$3,161,714</u>	<u>\$25,315,701</u>
\$218	\$86	\$274	\$0	\$0	\$31,965
0	0	0	0	0	5,111
33,421	0	0	0	0	1,428,519
23,234	0	0	0	1,093,444	1,317,842
30,466	0	0	0	103,281	360,903
0	0	1,000	0	0	5,758
24,199	0	0	0	0	6,782,298
836	0	0	0	0	36,800
0	0	66,417	0	0	66,417
0	0	0	0	55,000	55,000
0	0	0	0	117,695	117,695
0	0	0	0	834,000	834,000
0	0	0	0	0	350,000
0	0	0	0	0	600,000
0	0	0	0	958,294	958,294
<u>112,374</u>	<u>86</u>	<u>67,691</u>	<u>0</u>	<u>3,161,714</u>	<u>12,950,602</u>
0	0	0	12,933,653	0	12,933,653
29,625	5,202	0	0	0	34,827
0	0	771	0	0	142,511
0	0	0	0	0	45,196
0	0	0	0	0	16,163
0	0	0	0	0	42,713
0	0	0	0	0	986,801
0	0	5,099	0	0	(1,836,765)
<u>29,625</u>	<u>5,202</u>	<u>5,870</u>	<u>12,933,653</u>	<u>0</u>	<u>12,365,099</u>
<u>\$141,999</u>	<u>\$5,288</u>	<u>\$73,561</u>	<u>\$12,933,653</u>	<u>\$3,161,714</u>	<u>\$25,315,701</u>

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
From local sources:				
Taxes	\$7,443,078	\$0	\$8	\$542,633
Income tax	273,012	0	0	0
Tuition	40,621	0	0	0
Earnings on investments	39,729	876	0	216
Extracurricular	0	192,138	0	0
Other local revenues	360,576	128,127	0	15,551
Intergovernmental - State	7,519,816	274,282	0	486,995
Intergovernmental - Federal	5,772	523,834	0	0
Total revenues	<u>15,682,604</u>	<u>1,119,257</u>	<u>8</u>	<u>1,045,395</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,411,130	207,058	0	241
Special	1,703,146	308,255	0	0
Vocational	423,692	0	0	0
Other	37,347	0	0	0
Support services:				
Pupil	819,150	33,514	0	0
Instructional staff	576,199	159,498	0	337,323
Board of Education	11,981	0	0	0
Administration	1,327,539	21,477	0	0
Fiscal	426,069	8,417	1,130	10,273
Business	11,565	0	0	0
Operations and maintenance	1,545,079	0	0	0
Pupil transportation	808,593	0	0	0
Community services	0	136,544	0	0
Extracurricular activities	380,012	201,415	0	0
Facilities acquisition and construction	7,888	0	0	15,551
Capital outlay	265,726	0	0	0
Debt service:				
Principal retirement	11,790	0	234,000	352,942
Interest and fiscal charges	62,894	0	60,039	40,190
Total expenditures	<u>14,829,800</u>	<u>1,076,178</u>	<u>295,169</u>	<u>756,520</u>
Excess (deficiency) of revenues over (under) expenditures	<u>852,804</u>	<u>43,079</u>	<u>(295,161)</u>	<u>288,875</u>
Other financing sources (uses):				
Operating transfers in	229,294	0	462,258	0
Operating transfers out	(327,356)	0	(229,294)	(140,000)
Proceeds of capital lease transaction	265,726	0	0	0
Proceeds from sale of fixed assets	4,596	0	0	0
Total other financing sources (uses)	<u>172,260</u>	<u>0</u>	<u>232,964</u>	<u>(140,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>1,025,064</u>	<u>43,079</u>	<u>(62,197)</u>	<u>148,875</u>
Fund balances (deficit), July 1	(2,088,396)	148,100	104,910	74,405
Decrease in reserve for inventory	(3,091)	0	0	0
Fund balances (deficit), June 30	<u>(\$1,066,423)</u>	<u>\$191,179</u>	<u>\$42,713</u>	<u>\$223,280</u>

The notes to the general purpose financial statements are an integral part of this statement.

Fiduciary Fund Type	Total (Memorandum Only)
Expendable Trust	
\$0	\$7,985,719
0	273,012
0	40,621
46	40,867
0	192,138
7,603	511,857
0	8,281,093
0	529,606
<u>7,649</u>	<u>17,854,913</u>
2,542	6,620,971
0	2,011,401
0	423,692
0	37,347
2,212	854,876
2,860	1,075,880
0	11,981
0	1,349,016
0	445,889
0	11,565
0	1,545,079
0	808,593
2	136,546
0	581,427
0	23,439
0	265,726
0	598,732
0	163,123
<u>7,616</u>	<u>16,965,283</u>
<u>33</u>	<u>889,630</u>
0	691,552
0	(696,650)
0	265,726
0	4,596
<u>0</u>	<u>265,224</u>
33	1,154,854
5,837	(1,755,144)
0	(3,091)
<u>\$5,870</u>	<u>(\$603,381)</u>

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

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$7,127,242	\$7,159,423	\$32,181	\$0	\$0	\$0
Tuition	39,755	40,756	1,001	0	0	0
Earnings on investments	29,531	30,887	1,356	1,180	875	(305)
Extracurricular activities	0	0	0	259,060	192,138	(66,922)
Other local revenues	349,066	350,421	1,355	175,461	130,135	(45,326)
Intergovernmental - State	7,593,579	7,593,579	0	369,864	274,318	(95,546)
Intergovernmental - Federal	6,425	6,425	0	698,521	518,074	(180,447)
Total revenues	<u>15,145,598</u>	<u>15,181,491</u>	<u>35,893</u>	<u>1,504,086</u>	<u>1,115,540</u>	<u>(388,546)</u>
Expenditures:						
Current:						
Instruction:						
Regular	6,497,676	6,462,429	35,247	345,813	314,603	31,210
Special	1,773,648	1,731,927	41,721	371,473	313,106	58,367
Vocational	430,835	430,068	767	0	0	0
Other	39,848	36,563	3,285	0	0	0
Support services:						
Pupil	853,989	843,506	10,483	35,793	29,141	6,652
Instructional staff	662,324	586,143	76,181	199,009	170,430	28,579
Board of Education	19,582	13,128	6,454	0	0	0
Administration	1,396,248	1,390,795	5,453	27,814	24,495	3,319
Fiscal	461,538	431,147	30,391	8,436	8,436	0
Business	11,503	11,496	7	0	0	0
Operations and maintenance	1,667,366	1,584,001	83,365	0	0	0
Pupil transportation	903,760	840,886	62,874	0	0	0
Central	0	0	0	25	25	0
Community services	0	0	0	153,079	138,188	14,891
Extracurricular activities	371,061	365,003	6,058	238,941	235,893	3,048
Facilities acquisition and construction	7,900	7,888	12	0	0	0
Debt service:						
Principal retirement	39,000	39,000	0	0	0	0
Interest and fiscal charges	97,097	53,965	43,132	0	0	0
Total expenditures	<u>15,233,375</u>	<u>14,827,945</u>	<u>405,430</u>	<u>1,380,383</u>	<u>1,234,317</u>	<u>146,066</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(87,777)</u>	<u>353,546</u>	<u>441,323</u>	<u>123,703</u>	<u>(118,777)</u>	<u>(242,480)</u>
Other financing sources (uses):						
Advances in	1,590	1,591	1	6,415	4,758	(1,657)
Advances out	(11,061)	(5,758)	5,303	0	(913)	(913)
Operating transfers in	0	0	0	0	0	0
Operating transfers out	(234,392)	(234,392)	0	0	0	0
Proceeds from sale of fixed assets	49,672	49,672	0	0	0	0
Refund of prior year's receipts	0	0	0	(362)	(362)	0
Refund of prior year expenditure	3,483	3,487	4	0	0	0
Total other financing sources (uses)	<u>(190,708)</u>	<u>(185,400)</u>	<u>5,308</u>	<u>6,053</u>	<u>3,483</u>	<u>(2,570)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(278,485)</u>	<u>168,146</u>	<u>446,631</u>	<u>129,756</u>	<u>(115,294)</u>	<u>(245,050)</u>
Fund balances, July 1	114,976	114,976	0	158,994	158,994	0
Prior year encumbrances appropriated	217,716	217,716	0	165,578	165,578	0
Fund balances, June 30	<u>\$54,207</u>	<u>\$500,838</u>	<u>\$446,631</u>	<u>\$454,328</u>	<u>\$209,278</u>	<u>(\$245,050)</u>

The notes to the general purpose financial statements are an integral part of this statement.

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$0	\$8	\$8	\$274,777	\$513,484	\$238,707	\$7,402,019	\$7,672,915	\$270,896
0	0	0	0	0	0	39,755	40,756	1,001
0	0	0	116	216	100	30,827	31,978	1,151
0	0	0	0	0	0	259,060	192,138	(66,922)
0	0	0	24,375	15,551	(8,824)	548,902	496,107	(52,795)
0	0	0	260,603	486,995	226,392	8,224,046	8,354,892	130,846
0	0	0	0	0	0	704,946	524,499	(180,447)
0	8	8	559,871	1,016,246	456,375	17,209,555	17,313,285	103,730
0	0	0	3,000	529	2,471	6,846,489	6,777,561	68,928
0	0	0	0	0	0	2,145,121	2,045,033	100,088
0	0	0	0	0	0	430,835	430,068	767
0	0	0	0	0	0	39,848	36,563	3,285
0	0	0	0	0	0	889,782	872,647	17,135
0	0	0	446,500	392,154	54,346	1,307,833	1,148,727	159,106
0	0	0	0	0	0	19,582	13,128	6,454
0	0	0	0	0	0	1,424,062	1,415,290	8,772
1,179	1,130	49	10,400	10,272	128	481,553	450,985	30,568
0	0	0	0	0	0	11,503	11,496	7
0	0	0	0	0	0	1,667,366	1,584,001	83,365
0	0	0	0	0	0	903,760	840,886	62,874
0	0	0	0	0	0	25	25	0
0	0	0	0	0	0	153,079	138,188	14,891
0	0	0	0	0	0	610,002	600,896	9,106
0	0	0	15,551	15,551	0	23,451	23,439	12
230,000	230,000	0	492,942	492,942	0	761,942	761,942	0
60,369	60,369	0	40,190	40,190	0	197,656	154,524	43,132
291,548	291,499	49	1,008,583	951,638	56,945	17,913,889	17,305,399	608,490
(291,548)	(291,491)	57	(448,712)	64,608	513,320	(704,334)	7,886	712,220
0	0	0	0	0	0	8,005	6,349	(1,656)
0	0	0	0	0	0	(11,061)	(6,671)	4,390
229,294	229,294	0	0	0	0	229,294	229,294	0
0	0	0	0	0	0	(234,392)	(234,392)	0
0	0	0	0	0	0	49,672	49,672	0
0	0	0	0	0	0	(362)	(362)	0
0	0	0	0	0	0	3,483	3,487	4
229,294	229,294	0	0	0	0	44,639	47,377	2,738
(62,254)	(62,197)	57	(448,712)	64,608	513,320	(659,695)	55,263	714,958
104,910	104,910	0	42,119	42,119	0	420,999	420,999	0
0	0	0	59,182	59,182	0	442,476	442,476	0
\$42,656	\$42,713	\$57	(\$347,411)	\$165,909	\$513,320	\$203,780	\$918,738	\$714,958

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO  
COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Operating revenues:			
Tuition and fees	\$28,964	\$0	\$28,964
Sales/charges for services	447,895	21,607	469,502
<b>Total operating revenues</b>	<b>476,859</b>	<b>21,607</b>	<b>498,466</b>
Operating expenses:			
Personal services	307,138	0	307,138
Contract services	23,741	0	23,741
Materials and supplies	389,259	17,853	407,112
Depreciation	3,378	80	3,458
Other	729	4,521	5,250
<b>Total operating expenses</b>	<b>724,245</b>	<b>22,454</b>	<b>746,699</b>
Operating loss	(247,386)	(847)	(248,233)
Nonoperating revenues:			
Operating grants	172,051	0	172,051
Federal commodities	70,984	0	70,984
Interest revenue	454	0	454
<b>Total nonoperating revenues</b>	<b>243,489</b>	<b>0</b>	<b>243,489</b>
Net (loss) before operating transfers	(3,897)	(847)	(4,744)
Operating transfers in	5,098	0	5,098
Net income/(loss)	1,201	(847)	354
Retained earnings, July 1	28,424	6,049	34,473
Retained earnings, June 30	<u>\$29,625</u>	<u>\$5,202</u>	<u>\$34,827</u>

The notes to the general purpose financial statements are an integral part of this statement.



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from tuition and fees	\$29,059	\$0	\$29,059
Cash received from sales/service charges	448,251	21,607	469,858
Cash payments for personal services	(306,244)	0	(306,244)
Cash payments for contract services	(23,523)	0	(23,523)
Cash payments for materials and supplies	(318,200)	(17,767)	(335,967)
Cash payments for other expenses	(648)	(4,521)	(5,169)
Net cash used in operating activities	(171,305)	(681)	(171,986)
Cash flows from noncapital financing activities:			
Cash received from operating grants	171,511	0	171,511
Cash received from operating transfers in	5,098	0	5,098
Net cash provided by noncapital financing activities	176,609	0	176,609
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,470)	0	(1,470)
Net cash used in capital and related financing activities	(1,470)	0	(1,470)
Cash flows from investing activities:			
Interest received	454	0	454
Net cash provided by investing activities	454	0	454
Net increase (decrease) in cash and cash equivalents	4,288	(681)	3,607
Cash and cash equivalents at beginning of year	68,358	5,689	74,047
Cash and cash equivalents at end of year	\$72,646	\$5,008	\$77,654
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	(\$247,386)	(\$847)	(\$248,233)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	3,378	80	3,458
Federal donated commodities	70,984	0	70,984
Changes in assets and liabilities:			
Increase in materials and supplies inventory	75	0	75
Decrease in accounts receivable	451	0	451
Decrease in prepaids	81	0	81
Increase in accounts payable	218	86	304
Decrease in accrued wages and benefits	(77)	0	(77)
Increase in compensated absences payable	982	0	982
Increase in pension obligation payable	190	0	190
Decrease in due to other governments	(201)	0	(201)
Net cash used in operating activities	(\$171,305)	(\$681)	(\$171,986)

The notes to the general purpose financial statements are an integral part of this statement.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

The Bellevue City School District (the "District") operates under a locally-elected, five-member Board form of government and provides educational services as authorized or mandated by state and/or federal agencies. This Board controls the District's nine instructional/support facilities staffed by 113 non-certificated employees and 212 certificated teaching personnel to provide services to approximately 2,302 students and other community members.

The District was established in 1968 through the consolidation of existing land areas and is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District serves an area of approximately 137 square miles. It is located in Huron County and includes all of the City of Bellevue, Ohio, and portions of surrounding townships.

The District is the 232<sup>nd</sup> largest in the State of Ohio (among 705 public and community school districts) in terms of enrollment. It currently operates 5 elementary schools, 1 middle school, 1 comprehensive high school, 1 administration building and 1 bus garage.

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

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

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity. When applying GASB Statement No. 14, management has considered all potential component units.

The definition of the reporting entity is based primarily on the notion of financial accountability. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. On this basis, the District has no component units. The following organizations are described due to their relationship with the District:

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

*RELATED ORGANIZATION*

Bellevue Public Library

The District is not involved in budgeting or management of the Bellevue Public Library facilities, nor does it subsidize or finance the operation of the library. The selection of directors and budget approval is conducted merely to comply with state code requirements.

*JOINTLY GOVERNED ORGANIZATIONS*

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the BACG are natural gas and insurance. The cost to the District is an administrative charge, assessed only if it participates. The BACG consists of the superintendent of each school district. The Board of Directors of the BACG consists of one elected representative of each county, the superintendent of the fiscal agent and two non-voting members (administrator and fiscal agent). Members of the Board serve two-year terms, which are staggered. Financial information can be obtained by contacting the Erie Co. Educational Service Center, which serves as fiscal agent, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of thirty-eight public school districts 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 NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees, and a representative from the fiscal agent. Financial information can be obtained from Betty Schwiefert, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The Plan'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 Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

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

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

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

*PROPRIETARY FUNDS*

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

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

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

*FIDUCIARY FUNDS*

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the District's fiduciary fund types:

Expendable Trust Fund - The expendable trust fund is used to account for in essentially the same manner as the governmental funds, using the same measurement focus and basis of accounting. The expendable trust fund accounts for assets where both the principal and interest may be spent.

Agency Fund - The agency fund is purely custodial in nature and thus does not involve the measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3.C. for agency fund accruals which, in another fund type, would be recognized in the Combined Balance Sheet.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

*ACCOUNT GROUPS*

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

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

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

**C. Measurement Focus/Basis of Accounting**

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

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

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

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

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

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

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

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

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

**D. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds other than agency funds. The specific timetable for fiscal year 2002 is as follows:

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Sandusky County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended Certificate issued for fiscal year 2002.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures for all funds, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which reallocated, decreased or increased the original appropriated amounts. During fiscal year 2002, supplemental appropriations were legally enacted by the Board during fiscal 2002.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 17 provides a reconciliation of the budgetary and the GAAP basis of accounting. Encumbrances for enterprise funds are disclosed in Note 14 to the GPFS.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as Equity in Pooled Cash and Cash Equivalents on the Combined Balance Sheet. During fiscal year 2002, investments were limited to investments in the State Asset Treasury Reserve of Ohio (STAR Ohio).

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2002 amounted to \$39,729 which includes \$22,557 assigned from other District funds.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**F. Inventory**

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

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

**G. Prepays**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepayments by using the consumption method. A current asset for the prepayment amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**H. Fixed Assets and Depreciation**

*1. General Fixed Assets Account Group*

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

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

2. Proprietary Funds

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

<u>Asset</u>	<u>Life (years)</u>
Furniture, fixtures and minor equipment	5 - 12

**I. Compensated Absences**

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

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

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

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

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

**J. Long-Term Obligations**

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

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

**K. Fund Equity**

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

**L. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as interfund loans receivable or payable. Such interfund loans are repaid in the following fiscal year.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed advances and are shown as reservations of fund balances on the Combined Balance Sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

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

**M. Parochial Schools**

Within the District boundaries, St. Mary's and St. Paul Elementary and St. Paul High School are operated through the Toledo Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and distributed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The receipt and fiduciary liability of these state monies are reflected in a special revenue fund for financial reporting purposes.

**N. Estimates**

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

**O. Memorandum Only - Total Columns**

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

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balances**

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

	<u>Deficit Fund Balance</u>
General Fund	\$1,066,423
 <u>Special Revenue Funds</u>	
Auxiliary Services	2,690
Management Information System	33
Chapter II	17

These deficits, caused by the application of GAAP, will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. These funds complied with state law that does not allow for a negative cash-basis fund balance at year-end.

**B. Agency Fund**

The following are accruals for the agency fund, which, in another fund type, would be recognized in the Combined Balance Sheet:

Accounts receivable	\$ 90
Accounts payable	282

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Balance Sheet as Equity in Pooled Cash and Cash Equivalents. Statutes require the classification of monies held by the District into three categories:

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

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

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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 Treasury Asset Reserve of Ohio (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash on hand:* At fiscal year-end, the District had \$2,550 in undeposited cash on hand which is included on the Combined Balance Sheet of the District as part of Equity in Pooled Cash and Cash Equivalents.

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

*Deposits:* At year-end, the carrying amount of the District's deposits was \$541,474 and the bank balance was \$725,059. Of the bank balance:

1. \$188,276 was covered by federal depository insurance.
2. \$536,783 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to Section 135.81, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

*Investments:* The District's investments are categorized below to give an indication of the level of credit risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name.

The District had an investment of \$698,041 in STAR Ohio at June 30, 2002. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

The classification of cash, cash equivalents, and investments on the Combined Balance Sheet is based on criteria set forth in GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of cash, cash equivalents, and investments on the Combined Balance Sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$1,242,065	\$ -
Investment of the cash management pool:		
Investment in STAR Ohio	(698,041)	698,041
Cash on hand	<u>(2,550)</u>	<u>-</u>
GASB Statement No. 3	<u>\$ 541,474</u>	<u>\$698,041</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

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

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$5,758	\$ -
<u>Special Revenue Fund</u>		
Chapter 1	-	4,758
Expendable Trust Fund	<u>-</u>	<u>1,000</u>
Total	<u>\$5,758</u>	<u>\$5,758</u>

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

**B.** The following is a reconciliation of the District’s operating transfers for 2002:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$229,294	\$327,356
Debt Service Fund	462,258	229,294
<u>Capital Projects Fund</u>		
Permanent Improvements	-	140,000
<u>Enterprise Fund</u>		
Uniform School Supplies	<u>5,098</u>	<u>-</u>
Total	<u>\$696,650</u>	<u>\$696,650</u>

**NOTE 6 - PROPERTY TAXES**

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

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

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

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

The assessed value upon which the 2001 taxes were collected was \$250,173,200. Agricultural/residential and public utility/minerals real estate represented 63.44% or \$158,708,960 of this total; commercial & industrial real estate represented 11.42% or \$28,567,960 of this total, public utility tangible represented 5.32% or \$13,302,390 of this total and general tangible property represented 19.82% or \$49,593,890 of this total. The voted general tax rate at the fiscal year-ended June 30, 2002 was \$37.00 per \$1,000.00 of assessed valuation for operations and \$2.50 per \$1,000.00 of assessed valuation for permanent improvements.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

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

The District receives property taxes from Huron, Sandusky, Seneca and Erie Counties. The respective County Treasurers collect property tax on behalf of the District. The respective County Auditors periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

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

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2002 totaled \$919,181 in the general fund and \$67,620 in the Permanent Improvement capital projects fund.

**NOTE 7 - RECEIVABLES**

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

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 7 - RECEIVABLES - (Continued)**

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$7,068,545
Accounts	8,973
Accrued interest	8,842
Due from other governments	1,905
Income Taxes	199,098
 <u>Special Revenue Funds</u>	
Accounts	309
Due from other governments	4,758
 <u>Capital Projects Funds</u>	
Taxes - current and delinquent	548,502
 <u>Enterprise Funds</u>	
Accounts receivable	217
Due from other governments	20,911
 <u>Expendable Trust Fund</u>	
Accounts	587

**NOTE 8 - FIXED ASSETS**

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

	<u>Balance</u> <u>July 1, 2001</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2002</u>
Land/improvements	\$ 862,079	\$ -	\$ -	\$ 862,079
Buildings/improvements	6,901,332	-	-	6,901,332
Furniture/equipment	3,648,564	485,946	(97,161)	4,037,349
Vehicles	<u>1,166,693</u>	<u>-</u>	<u>(33,794)</u>	<u>1,132,893</u>
Total	<u>\$12,578,668</u>	<u>\$485,946</u>	<u>\$(130,955)</u>	<u>\$12,933,653</u>

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 8 - FIXED ASSETS – (Continued)**

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

Enterprise Funds

Furniture and equipment	\$ 92,836
Less: accumulated depreciation	<u>(75,643)</u>

Net fixed assets	<u>\$ 17,643</u>
------------------	------------------

Internal Service Fund

Furniture and equipment	\$ 3,440
Less: accumulated depreciation	<u>(3,160)</u>

Net fixed assets	<u>\$ 280</u>
------------------	---------------

**NOTE 9 - NONCANCELLABLE OPERATING LEASES**

The District leases modular classrooms and various copier machines under noncancellable operating leases. Total payments for these leases was \$78,860 for the year ended June 30, 2002, and is reported in the general fund. The future minimum lease payments as of June 30, 2002 are as follows:

Year Ending	<u>Amount</u>
<u>June 30</u>	
2003	\$ 89,485
2004	40,573
2005	14,451
2006	<u>1,290</u>
Total	<u>\$145,799</u>

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During the fiscal year ended June 30, 2002, the District entered into several capital lease agreements for copiers and buses. Also in prior years, the District entered into capital lease agreements for copiers and telecommunications equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) for all Governmental Fund Types and the Expendable Trust Fund. 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 \$2,243,282, which is equal to the present value of the future minimum lease payments as of the date of their inception.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)**

A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2002 fiscal year totaled \$11,790 in the general fund, and \$352,942 in the Permanent Improvement capital projects fund. These amounts are reflected as debt service principal retirement in the general and capital projects funds.

The following is an analysis of the equipment under capital lease as of June 30, 2002:

General Long-Term Obligations

Year Ending <u>June 30</u>	<u>Amount</u>
2003	\$ 505,787
2004	407,504
2005	107,735
2006	622
2007	<u>205</u>
Total future minimum lease payments	1,021,853
Less: amount representing interest	<u>(63,559)</u>
Present value of future minimum lease payments	<u>\$ 958,294</u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. The current general obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District, for which the full faith and credit of the District is pledged for repayment. Accordingly, the unmatured obligation is accounted for in the general long-term obligations account group. Payments of principal and interest relating to this liability are recorded as expenditures in the debt service fund. The source of payment is derived from a current .1 mill bonded debt levy.

The following is a description of the District's bond outstanding as of June 30, 2002:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2001</u>	<u>Retired in 2002</u>	<u>Outstanding June 30, 2002</u>
Public library improvement	7.00%	12/01/87	12/01/02	<u>\$110,000</u>	<u>\$(55,000)</u>	<u>\$55,000</u>

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**B.** In a prior year, the District issued energy conservation notes and general obligation notes to provide for energy improvements to various District buildings. The general obligation notes were issued for the purpose of refunding notes issued in 1995 for the purpose of purchasing and installing energy conservation measures. The primary source of repayment of these notes is through energy savings as a result of the improvements.

Payments of principal and interest relating to the energy conservation notes are recorded as expenditures in the capital projects funds. Payments of principal and interest relating to the general obligation notes are recorded as expenditures in the debt service fund. The unmatured obligations at year-end are accounted for in the general long-term obligations account group.

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2001</u>	<u>Retired in 2002</u>	<u>Outstanding June 30, 2002</u>
General obligation notes	5.40%	03/26/97	12/01/04	\$ 156,695	\$ (39,000)	\$117,695
Energy conservation notes	5.15%	02/10/97	12/01/06	<u>974,000</u>	<u>(140,000)</u>	<u>834,000</u>
Total				<u>\$1,130,695</u>	<u>\$(179,000)</u>	<u>\$951,695</u>

**C.** The following is a summary of the District's future annual debt service requirements to maturity for the general obligation bonds, the general obligation notes and the energy conservation notes:

<u>Year Ending June 30</u>	<u>Principal on Bonds and Notes</u>	<u>Interest on Bonds and Notes</u>	<u>Total</u>
2003	\$ 242,000	\$ 46,369	\$ 288,369
2004	196,000	34,484	230,484
2005	205,695	24,041	229,736
2006	176,000	14,162	190,162
2007	<u>187,000</u>	<u>4,815</u>	<u>191,815</u>
Total	<u>\$1,006,695</u>	<u>\$123,871</u>	<u>\$1,130,566</u>

**D. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2002 are a voted debt margin of \$22,515,588 (including available funds of \$42,713), an unvoted debt margin of \$250,173 and an energy conservation margin of \$1,417,559.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

E. During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to the impracticality of determining these values. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>July 1, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2002</u>
Compensated absences	\$1,239,473	\$ -	\$(146,029)	\$1,093,444
Pension obligation payable	112,057	103,281	(112,057)	103,281
General obligation bonds	110,000	-	(55,000)	55,000
General obligation notes	156,695	-	(39,000)	117,695
Energy conservation notes	974,000	-	(140,000)	834,000
Capital lease obligation	<u>1,057,300</u>	<u>265,726</u>	<u>(364,732)</u>	<u>958,294</u>
Total	<u>\$3,649,525</u>	<u>\$389,007</u>	<u>\$(856,818)</u>	<u>\$3,161,714</u>

**NOTE 12 - NOTES PAYABLE**

During fiscal year 1999, the District issued tax anticipation notes for \$875,000 and during fiscal year 2001, the District issued tax anticipation notes for \$600,000. These notes are a general obligation of the District, for which the full faith and credit is pledged for repayment. These notes are a liability of the general fund, which received the proceeds upon issuance.

The following is a description of the notes payable outstanding at June 30, 2002:

	Interest Rate	Issue Date	Maturity Date	Balance June 30, 2001	Issued in 2002	Retired in 2002	Balance June 30, 2002
Tax anticipation notes	4.5%	10/02/98	12/01/03	\$525,000	\$0	(\$175,000)	\$350,000
Income tax anticipation notes	5.25%	04/26/01	12/01/06	600,000	0	0	600,000
Total				<u>\$1,125,000</u>	<u>\$0</u>	<u>(\$175,000)</u>	<u>\$950,000</u>



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 12 - NOTES PAYABLE – (Continued)**

Principal and interest requirements to retire the tax anticipation notes outstanding at June 30, 2002 is as follows:

<u>Year Ending June 30</u>	<u>Principal on Notes</u>	<u>Interest on Notes</u>	<u>Total</u>
2003	\$324,979	\$40,903	\$ 365,882
2004	295,322	26,065	321,387
2005	126,778	15,672	142,450
2006	133,523	8,929	142,452
2007	<u>69,398</u>	<u>1,826</u>	<u>71,224</u>
Total	<u>\$950,000</u>	<u>\$93,395</u>	<u>\$1,043,395</u>

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured. The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	Nationwide Insurance		
Each occurrence		\$ 2,000,000	\$ 0
Aggregate		5,000,000	0
Building and contents	Indiana Insurance	32,246,799	5,000
Fleet:	Nationwide Insurance		
Comprehensive		2,000,000	50
Collision		2,000,000	250
Umbrella liability:	Nationwide Insurance		
Each occurrence		1,000,000	10,000
Aggregate		1,000,000	0

Settled claims have not exceeded commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior fiscal year.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 13 - RISK MANAGEMENT - (Continued)**

**B. Employee Group Life, Medical, Dental, and Vision Insurance**

In 1981, the District joined 14 other districts in Huron and Erie Counties and formed the Huron-Erie School Employee Insurance Association.

The Board of Trustees of the consortium, with assistance of actuarial analysis, establishes premium rates for medical, dental, and prescription drug insurance, based upon the specific plan negotiated by each member district and its employees. Premiums are placed in a Trust Fund controlled by the Board of Trustees and invested prudently to produce income which additionally benefits the consortium. The agreement of the Huron-Erie School Employee Insurance Association provides that the Huron-Erie School Employee Insurance Association will be self-sustaining through member premiums and will reinsure through commercial companies for all claims. The Huron-Erie School Employee Insurance Association retains the risk. The pool purchased stop-loss coverage from private insurance carriers to cover claims in excess of \$200,000 for any employee in a year or to cover aggregate claims in excess of 120% of the prior year's total claims. Individual coverage per person cannot exceed \$1,000,000 in claims during his or her lifetime. The reserves in the Trust Fund include monies necessary to pay the claims run-out, should the consortium ever be dissolved. Because the consortium is organized under Internal Revenue Services Code 501C (9), investment income is tax exempt.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 16. As such, no funding provisions are required by the District.

**C. Workers Compensation**

The District participates in the Ohio School Boards Association Workers Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). 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 Ohio School Boards Association (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.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 13 - RISK MANAGEMENT - (Continued)**

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.

**NOTE 14 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

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

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenues	\$ 476,859	\$28,964	\$ 498,466
Depreciation	3,378	80	3,458
Operating loss	(247,386)	(847)	(247,233)
Operating grants	172,051	-	172,051
Federal donated commodities	70,984	-	70,984
Operating transfers in	-	5,098	5,098
Net income/(loss)	(1,004)	2,205	1,201
Fixed asset additions	1,470	-	1,470
Net working capital	62,366	3,316	65,682
Total assets	138,683	3,316	141,999
Total liabilities	112,374	-	112,374
Total equity	26,309	3,316	29,625
Encumbrances outstanding as of 06/30/02	2,979	-	2,979

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2002; 4.20 percent was the portion to fund pension obligations. The contribution rates are determined actuarially. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for pension obligations for the fiscal years ended June 30, 2002, 2001 and 2000 were \$323,365, \$179,017, and \$131,454, respectively; 78.37 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$87,347, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent for 2002; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for pension obligations for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,146,810, \$775,054, and \$460,552, respectively; 84.24 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$180,756, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$368,618 during fiscal 2002.

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

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

For this fiscal year, employer contributions to fund health care benefits were 9.80 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 16 - POSTEMPLOYMENT BENEFITS – (Continued)**

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$233,020 during the 2002 fiscal year.

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).
- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- (e) The District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been reclassified accordingly.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ 168,146	\$(115,294)	\$(62,197)	\$ 64,608
Net adjustment for revenue accruals	501,113	3,717	0	29,149
Net adjustment for expenditure accruals	94,920	231,375	(3,670)	197,805
Net adjustment for other financing sources/(uses)	357,660	(3,483)	3,670	(140,000)
Adjustment for encumbrances	<u>(96,775)</u>	<u>(73,236)</u>	<u>-</u>	<u>(2,687)</u>
GAAP basis	<u>\$1,025,064</u>	<u>\$ 43,079</u>	<u>\$(62,197)</u>	<u>\$ 148,875</u>

**NOTE 18 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

At fiscal year-end, the District has resolved all pending litigation. All costs to the District were paid by its insurance carrier. There are no proceedings at fiscal year-end.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 18 – CONTINGENCIES – (Continued)**

**C. State School Funding Decision**

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

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

**NOTE 19 - STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of July 1, 2001	\$(158,231)	\$ 0
Current year set-aside requirement	276,206	276,206
Current year offsets	-	(562,671)
Qualifying disbursements	<u>(283,154)</u>	<u>(400,720)</u>
Total	<u>\$(165,179)</u>	<u>\$(687,185)</u>
Cash balance carried forward to FY 2003	<u>\$(165,179)</u>	<u>\$ 0</u>

The District had qualifying disbursements during the year that reduced the textbooks set-aside amount below zero, this extra amount may be used to reduce the set-aside requirement of future years.



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

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

**NOTE 19 - STATUTORY RESERVES – (Continued)**

The District's qualifying disbursements during the year in the capital acquisition set-aside reduced the balance to below zero, however, this extra amount may not be used to reduce the set-aside carried forward to future years.

**This Page is Intentionally Left Blank.**

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

Board of Education  
Bellevue City School District  
125 North Street  
Bellevue, OH 44811

We have audited the general purpose financial statements of the Bellevue City School District (the District), as of and for the year ended June 30, 2002, and have issued our report thereon dated February 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 general purpose 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 operations that we consider to be material weaknesses.

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

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

A handwritten signature in black ink, appearing to read "G. B. Fink". The signature is stylized and cursive.

GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

February 19, 2003

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

Board of Education  
Bellevue City School District  
125 North Street  
Bellevue, OH 44811

Compliance

We have audited the compliance of the Bellevue City School District (the 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, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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



GARY B. FINK & ASSOCIATES, INC.  
Certified Public Accountants

February 19, 2003

**Bellevue City School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2002**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts	Disbursements
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	043596-LLP4-2002	\$123,388	\$123,388
National School Lunch Program	10.555	043596-LLP4-2001	28,202	28,202
National School Lunch Program	10.555	043596-LLP4-2002	14,017	14,017
Total National School Lunch Program			165,607	165,607
Food Distribution	10.550	---	83,443	70,984
Total U.S. Department of Agriculture - Child Nutrition Cluster			249,050	236,591
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Medicaid Cluster:				
Medical Assistance Program (Title XIX)	93.778	---	4,328	4,328
Total U.S. Department of Health and Human Services - Medicaid Cluster			4,328	4,328
<b><u>U.S. Department of Education</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Eisenhower Professional Development State Grants	84.281	043596-MSS1-2002	11,901	3,533
Eisenhower Professional Development State Grants	84.281	043596-MSS1-2001	0	1,554
Eisenhower Professional Development State Grants	84.281	043596-MSS1-2000	0	575
Total Eisenhower Professional Development State Grants			11,901	5,662
Innovative Education Program Strategies (ESEA Title VI)	84.298	043596-C2S1-2002	13,156	13,156
Innovative Education Program Strategies (ESEA Title VI)	84.298	043596-C2S1-2001	0	322
Total Innovative Education Program Strategies (ESEA Title VI)			13,156	13,478
Title I Grants to Local Educational Agencies	84.010	043596-C1S1-2002	182,773	153,836
Title I Grants to Local Educational Agencies	84.010	043596-C1S1-2001-C	0	24
Title I Grants to Local Educational Agencies	84.010	043596-C1S1-2001	0	34,528
Total Title I Grants to Local Educational Agencies			182,773	188,388
Safe and Drug-Free Schools and Communities - State Grants	84.186	043596-DRS1-2002	8,902	2,267
Safe and Drug-Free Schools and Communities - State Grants	84.186	043596-DRS1-2001	0	87
Total Safe and Drug-Free Schools and Communities			8,902	2,354
Class Size Reduction (Title VI-R)	84.340	043596-CRS1-2002	65,214	47,115
Class Size Reduction (Title VI-R)	84.340	043596-CRS1-2001	0	5,757
Total Class Size Reduction (Title VI-R)			65,214	52,872
Special Education Cluster:				
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	043596-6BSF-2002-P	215,456	176,623
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	043596-6BSF-2001-P	0	27,584
Total Special Education - Grants to States (Title VI-B Flow-Thru)			215,456	204,207
Special Education - Preschool Grants	84.173	043596-PGS1-2002-P	20,343	16,599
Special Education - Preschool Grants	84.173	043596-PGS1-2001-P	0	462
Total Special Education - Preschool Grants			20,343	17,061
Total Special Education Cluster			235,799	221,268
School Renovation Grants	84.352	043596-ATS1-2002	329	0
Goals 2000 - State and Local Educational Systemic Improvement Grants (Family and School Partnerships Grant)	84.276	043596-G2S8-2000	0	969
Total U.S. Department of Education			518,074	484,991
Total Federal Assistance			\$771,452	\$725,910

The notes to this Schedule are an integral part of this Schedule.

**BELLEVUE CITY SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**NOTE B - FOOD DISTRIBUTION**

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, 2002, the District had no significant food commodities in inventory.



**BELLEVUE CITY SCHOOL DISTRICT**

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

**FOR THE YEAR ENDED JUNE 30, 2002**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of auditor's report issued on the general purpose financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the general purpose financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the general purpose financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the general purpose financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

**BELLEVUE CITY SCHOOL DISTRICT**

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

**FOR THE YEAR ENDED JUNE 30, 2002  
(CONTINUED)**

(d)(1)(vii)	Major Programs:	Special Education Cluster: Special Education-Grants to States (Title VI-B Flow-Thru), CFDA #84.027 and Special Education-Pre-School Grants, CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**BELLEVUE CITY SCHOOL DISTRICT**

**HURON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 10, 2003**