



Dave Yost • Auditor of State

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis – June 30, 2011	11
Statement of Activities – Modified Cash Basis – For the Fiscal Year Ended June 30, 2011	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis Governmental Funds – June 30, 2011	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities – June 30, 2011	14
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis - Governmental Funds – For the Fiscal Year Ended June 30, 2011	15
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds to the Statement of Activities – For the Fiscal Year Ended June 30, 2011	16
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund – For the Fiscal Year Ended June 30, 2011	17
Statement of Fund Net Assets – Modified Cash Basis – Proprietary Fund – June 30, 2011	18
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets – Modified Cash Basis – Proprietary Fund – For the Fiscal Year Ended June 30, 2011	19
Statement of Fiduciary Net Assets – Modified Cash Basis – Fiduciary Funds – June 30, 2011	20
Statement of Changes in Fiduciary Net Assets – Modified Cash Basis – Fiduciary Funds – For the Fiscal Year Ended June 30, 2011	21
Notes to the Basic Financial Statements	23
Schedule of Federal Awards Receipts and Expenditures.....	47
Notes to the Schedule of Federal Awards Receipts and Expenditures	48

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i>	49
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	51
Schedule of Findings.....	53
Schedule of Prior Audit Findings.....	58
Corrective Action Plan.....	59
Independent Accountants' Report on Applying Agreed-Upon Procedure	61



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bellefontaine City School District
Logan County
820 Ludlow Avenue
Bellefontaine, Ohio 43311

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bellefontaine City School District, Logan County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bellefontaine City School District, Logan County, Ohio, as of June 30, 2011, and the respective changes in modified cash financial position, thereof and the budgetary comparison for the General thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 16, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2012, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Government's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. The federal awards expenditure schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

February 9, 2012

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The management's discussion and analysis of the Bellefontaine City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets increased \$8,747,993.
- General receipts accounted for \$36,934,067 or 70 percent of all receipts. Program specific receipts in the form of charges for services and operating and capital grants, contributions and interest accounted for \$15,984,682 or 30 percent of total receipts of \$52,918,767.
- The School District's major funds include the General Fund, the Classroom Facilities Fund and the Debt Service Fund. The General Fund had \$21,425,648 in receipts, and \$20,631,260 in disbursements. The General Fund's balance increased \$794,388 from the prior fiscal year. The Classroom Facilities Fund had \$8,696,437 in receipts and \$1,270,759 in disbursements. The Classroom Facilities Fund's balance increased \$7,425,678 from the prior fiscal year. The Debt Service Fund had \$17,242,050 in receipts and other financing sources and \$16,649,450 in disbursements. The Debt Service Fund's balance increased by \$592,600 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the modified cash basis, provide information about the activities of the whole School District. Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other non-major funds presented in total in a single column. The General Fund, Classroom Facilities Fund and Debt Service Fund are the School District's major funds.

Basis of Accounting

The School District has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net assets will be cash and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and investments. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

The view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question.

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

In the Statement of Net Assets and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations. Intergovernmental receipts and disbursements involving the Internal Service Fund have been eliminated on these government-wide statements. Fiduciary funds are not reflected on the School District's government-wide statements because the resources from these funds are not available to support the School District's programs.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statement focus on the School District's most significant funds. The School District's major governmental funds include the General Fund, Classroom Facilities Fund, and Debt Service Fund.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using the modified cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Proprietary Funds – When the School District charges customers (whether internal or external) for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Activities and Net Assets. The School District has one proprietary fund, an Internal Service Fund, accounting for employee health care benefits. Intergovernmental receipts and disbursements have been eliminated on the government-wide statements. The Net Assets of the internal service fund are included with unrestricted net assets on the government-wide statement.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the School District's other financial statements because the resources from these funds are not available to support the School District's programs. These funds use the modified cash basis of accounting.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship and trust programs. This activity is presented as a private purpose trust. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in private purpose trust and agency funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 18 and 19. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal years 2011 and 2010.

(Table 1)
Net Assets – Modified Cash Basis

	Governmental Activities	
	2011	2010
Equity in Pooled Cash and Investments	\$33,935,722	\$25,187,729
Restricted for:		
Debt Service	\$ 982,619	\$ 390,019
Capital Outlay	23,808,825	16,460,116
Other Purposes	1,259,839	910,687
Set Asides	849,921	737,502
Unrestricted	7,034,518	6,689,405
Total Net Assets	\$33,935,722	\$25,187,729

Net assets of the governmental activities increased \$8,747,993, which represents a 35 percent increase over fiscal year 2010. The increase is the result of the 2010 School Facilities Construction Bonds issued in the amount of \$14,579,923 during fiscal year 2011.

A portion of the School District's net assets, \$26,901,204, represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets of \$7,034,518 may be used to meet the School District's ongoing obligations.

Table 2 shows the changes in net assets for fiscal year 2011 as compared to fiscal year 2010.

(Table 2)
Changes in Net Assets – Modified Cash Basis

	Governmental Activities	
	2011	2010
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,989,843	\$1,954,609
Operating Grants, Contributions and Interest	5,276,079	2,948,648
Capital Grants, Contributions, and Interest	8,718,760	1,992,730

(Continued)

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

**(Table 2)
Changes in Net Assets – Modified Cash Basis
(Continued)**

	Governmental Activities	
	2011	2010
General Receipts:		
Property Taxes	8,129,370	8,146,529
Payments in Lieu of Taxes		53,252
Grants and Entitlements	13,189,492	14,544,789
Interest	40,918	26,573
Proceeds from Sale of Bonds	14,579,923	14,580,000
Premium on Bonds	963,515	71,005
Miscellaneous	30,849	76,292
Total Receipts	<u>52,918,767</u>	<u>44,394,427</u>
Disbursements:		
Instruction	15,946,356	15,473,519
Support Services	8,634,315	8,266,760
Non-Instructional		78,135
Operation of Food Services	1,050,753	1,118,776
Extracurricular Activities	468,135	454,361
Capital Outlay	1,457,540	778,064
Debt Service	16,613,675	1,170,220
Total Disbursements	<u>44,170,774</u>	<u>27,339,835</u>
Increase in Net Assets	<u>\$8,747,993</u>	<u>\$17,054,592</u>

Governmental Activities

Program receipts accounted for \$15,984,682 or 30 percent of total receipts of \$52,918,767.

The government relies on general receipts to fund the majority of the cost of services provided to the students. Of these general receipts, 22 percent (\$8,129,370) comes from tax levies and 36 percent (\$13,189,492) is from state and federal funding. The School District's operations are reliant upon its tax levies and the state's foundation program. A significant increase in total receipts is the result of the 2010 School Facilities Construction Bonds issued in the amount of \$14,579,923 during fiscal year 2011.

The majority of program disbursements for governmental activities are for instruction, which accounts for 35 percent of all governmental disbursements. Other programs, which support the instruction process, including pupil, instructional staff, and pupil transportation account for 20 percent of governmental disbursements. Repayment of debt accounts for 38 percent of governmental disbursements. The remaining 7 percent of the School District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Table 3 shows the cost of program services and the amount of receipts directly offsetting those services for fiscal years 2011 and 2010.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

**(Table 3)
Governmental Activities – Modified Cash Basis**

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$15,946,356	\$10,761,568	\$15,473,519	\$12,812,347
Support Services:				
Pupil and Instructional Staff	2,640,869	2,518,371	2,483,865	1,931,209
Board of Education, Administration, Fiscal and Business	2,505,522	2,328,997	2,508,546	2,384,445
Operation and Maintenance of Plant	2,252,424	2,186,495	2,154,117	2,085,318
Pupil Transportation	804,242	804,242	691,179	594,531
Central	431,258	426,258	429,053	413,972
Non-Instructional		(10,394)	78,135	76,135
Operation of Food Services	1,050,753	(186,114)	1,118,776	(74,109)
Extracurricular Activities	468,135	196,497	454,361	265,510
Capital Outlay	1,457,540	(7,247,158)	778,064	(1,215,730)
Debt Service	16,613,675	16,407,312	1,170,220	1,170,220
Total Disbursements	<u>\$44,170,774</u>	<u>\$28,186,074</u>	<u>\$27,339,835</u>	<u>\$20,443,848</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 76 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts and program receipts are 64 percent and 36 percent, respectively.

The School District's Funds

The School District's governmental funds are accounted for using the modified cash basis of accounting. The School District has three major governmental funds: the General Fund, Classroom Facilities Fund and Debt Service Fund. Receipts of the General Fund comprise \$21,425,648 (40 percent) of the total \$52,917,880 governmental funds' receipts and other financing sources and \$20,631,260 (47 percent) of the total \$43,716,173 governmental funds disbursements and other financing uses. Receipts and other financing sources of the Classroom Facilities Fund comprise \$8,696,437 (16 percent) of the total \$52,917,880 governmental funds' receipts and other financing sources and \$1,270,759 (3 percent) of the total \$43,716,173 governmental funds disbursements and other financing uses. Receipts and other financings sources of the Debt Service Fund comprise \$17,242,050 (33 percent) of the total \$52,917,880 governmental funds' receipts and other financing sources and \$16,649,450 of the total \$43,716,173 (38 percent) governmental funds' disbursements.

General Fund – The General Fund cash balance at June 30, 2011 was \$7,371,229, which represents 22 percent of total governmental funds' cash balances for fiscal year 2011. General fund receipts were more than disbursements by \$794,388 mostly due to increases in taxes receipts.

Classroom Facilities Fund – The Classroom Facilities Fund cash balance at June 30, 2011 was \$22,597,120 which represents 68 percent of total governmental funds' cash balances for fiscal year 2011. Classroom Facilities Fund receipts were more than disbursements by \$7,425,678, due to the District receiving intergovernmental receipts for the construction of new school buildings.

Debt Service Fund – The Debt Service Fund cash balance at June 30, 2011 was \$982,619, which represents 3 percent of total governmental funds' cash balances for fiscal year 2011. Debt Service fund receipts were more than disbursements by \$592,600 mostly due to proceeds from sale of bonds.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2011, the School District amended its General Fund budget as needed.

For the General Fund, final budgeted receipts and other financing sources were \$179,889, below original budget estimates of \$21,423,315. The actual receipts and other financing sources were \$21,274,838, which was in line with the final budget.

General fund original appropriations and other financing uses of \$22,008,914 were \$119,500 lower than final appropriations of \$22,128,414. The actual budget basis disbursements and other financing uses for fiscal year 2011 totaled \$20,515,836. The actual disbursements were lower than anticipated due to cut backs. Of this decrease, most was attributed to monitored spending of Instruction and Support Services. Actual disbursements for Instruction were \$1,083,989 less than the budgeted amount. Actual disbursements for Support Services were \$476,483 less than budgeted.

Debt Administration

At June 30, 2011, the School District had \$7,157,620 in general obligation bonds, \$14,190,000 in tax-exempt bonds and \$389,923 in Build America Bonds for the construction and improvement of buildings. The bonds are retired from the Bond Retirement Fund.

For further information regarding the School District's debt, see Note 8 to the basic financial statements.

Current Issues

Property tax revenue estimates are based on historical collection levels. The School District is realizing an annual decrease in its assessed valuation due to the phase out of tangible property taxes. This is reflected in the figures used for the five year forecast. 2013 is the next scheduled sexennial update year for the School District. The School District is located in Logan County.

The biennial State budget House Bill (HB 153) covers the State funding cycle July 1, 2011 through June 30, 2013. The effects of HB 153 are still being analyzed in the education community. According to initial budget projections, school funding will experience an overall decrease in fiscal years 2012-2013 of \$700 million. In addition, a new school funding model will be developed. The Evidence-Based Model (EBM) funding formula from the previous State budget was repealed. While a new formula is being developed, a "bridge" formula will be used to distribute foundation monies to schools.

HB 153 accelerates the phase-out of the Tangible Personal Property (TPP) tax to school districts. Most schools will realize a complete phase-out of the tangible reimbursements during the 2012-2013 budget cycle. Schools were previously told that phase-out would take place through 2018. Prior to the tangible personal property tax being phased out starting in 2005, the School District brought in a little over \$2,000,000 per year in personal tangible taxes. This is a substantial decrease in local funding that schools are faced to deal with.

The School District continues to analyze the long-term effects of HB153 and looks for long-range funding solutions.

The Board continues to closely scrutinize expenditures to keep them in line with estimated revenues. Pupil teacher ratios and class sizes will continue to be closely monitored. The result of this analysis will help determine future staffing needs for the School District.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

As a result of the decreased funding in HB 153, the School District is forced to make budget cuts of \$1.14 million in the 2012 fiscal year. The majority of the cuts are personnel related and made through attrition where possible. Along with the budget cuts, both unions agreed to a zero percent increase on the base salary. When implementing the above actions, the District has been able to stabilize its five-year forecast.

Additionally, district voters approved a 2.8 mill bond issue at the November 3, 2009 election authorizing the School District to partake in an Ohio School Facilities Commission (OSFC) project. Also approved was the 0.5 mill maintenance fund as required by the OSFC. The total project cost is estimated to be \$35,003,787; with the local share being \$13,651,477 and the State share being \$21,352,310. The project includes building two new school buildings. One building will be an elementary building that will house grades kindergarten through second grade. The other building will be a middle school that will house grades six through eight. Once the new middle school is completed, the current middle school will be used to house grades three through five. The School District approved an early site work package that began in June 2011. The project has an anticipated completion date of June 2013.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Keith E. Krieger, Treasurer, Bellefontaine City School District, 820 Ludlow Road, Bellefontaine, OH 43311.

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**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2011**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$33,935,722
Total Assets	<u>33,935,722</u>
Net Assets	
Restricted for:	
Debt Service	982,619
Capital Outlay	23,808,825
Other Purposes	1,259,839
Set Asides	849,921
Unrestricted	7,034,518
Total Net Assets	<u><u>\$33,935,722</u></u>

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
Instruction:				
Regular	\$12,173,975	\$1,258,965	\$404,119	(\$10,510,891)
Special	3,373,117	10,230	3,458,443	95,556
Vocational	392,264		53,031	(339,233)
Other	7,000			(7,000)
Support Services:				
Pupil	1,156,069		14,763	(1,141,306)
Instructional Staff	1,484,800		107,735	(1,377,065)
Board of Education	218,100			(218,100)
Administration	1,626,996		104,684	(1,522,312)
Fiscal	476,299		71,841	(404,458)
Business	184,127			(184,127)
Operation and Maintenance of Plant	2,252,424		51,867	\$14,062 (2,186,495)
Pupil Transportation	804,242			(804,242)
Central	431,258		5,000	(426,258)
Operation of Non-Instructional Services			10,394	10,394
Operation of Food Services	1,050,753	492,366	744,501	186,114
Extracurricular Activities	468,135	228,282	43,356	(196,497)
Capital Outlay	1,457,540			8,704,698 7,247,158
Debt Service:				
Principal	14,933,528			(14,933,528)
Interest	1,495,467		206,363	(1,289,104)
Issuance Costs	184,680			(184,680)
Totals	\$44,170,774	\$1,989,843	\$5,276,097	\$8,718,760 (28,186,074)
General Receipts:				
Property Taxes Levied for:				
General Purposes				6,542,827
Capital Projects				169,285
Debt Service				1,297,151
Operation and Maintenance				120,107
Grants and Entitlements not Restricted to Specific Programs				13,189,492
Interest				40,918
Proceeds from Sale of Bonds				14,579,923
Premium on Sale of Bonds				963,515
Miscellaneous				30,849
Total General Receipts				36,934,067
Change in Net Assets				8,747,993
Net Assets - Beginning of Year				25,187,729
Net Assets - End of Year				\$33,935,722

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Classroom Facilities Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$6,521,308	\$13,809,983	\$982,619	\$2,471,545	\$23,785,455
Cash and Cash Equivalents with Segregated Accounts		8,787,137			8,787,137
Restricted Equity in Pooled Cash and Investments	849,921				849,921
Total Assets	7,371,229	22,597,120	982,619	2,471,545	33,422,513
Fund Balances:					
Restricted	849,921	22,597,120	982,619	2,519,404	26,949,064
Assigned	135,108				135,108
Unassigned	6,386,200			(47,859)	6,338,341
Total Fund Balances	\$7,371,229	\$22,597,120	\$982,619	\$2,471,545	\$33,422,513

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET
ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

Total Governmental Fund Balances	\$33,422,513
----------------------------------	--------------

Amounts reported for governmental activities in the statement of net assets are different because

The internal service fund was used by management to charge the costs of insurance to individual funds. The net assets of the internal service fund are included in the governmental activities in the statement of net assets.

513,209

Net Assets of Governmental Activities

\$33,935,722

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Classroom Facilities Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:					
Taxes	\$6,542,827		\$1,297,151	\$289,392	\$8,129,370
Intergovernmental	13,482,488	\$8,575,894	394,222	4,241,727	26,694,331
Interest	40,918	120,543		8,012	169,473
Tuition and Fees	1,016,290			10,230	1,026,520
Rent	139,850				139,850
Extracurricular Activities	69,601			185,781	255,382
Customer Sales and Services				492,366	492,366
Donations and Contributions	30,849			295,961	326,810
Miscellaneous	102,825		7,239	30,276	140,340
Total Receipts	<u>21,425,648</u>	<u>8,696,437</u>	<u>1,698,612</u>	<u>5,553,745</u>	<u>37,374,442</u>
Disbursements:					
Current:					
Instruction:					
Regular	10,552,119			1,167,255	11,719,374
Special	2,108,166			1,264,951	3,373,117
Vocational	392,264				392,264
Other	5,000			2,000	7,000
Support Services:					
Pupil	1,143,552			12,517	1,156,069
Instructional Staff	782,233			702,567	1,484,800
Board of Education	218,100				218,100
Administration	1,521,836			105,160	1,626,996
Fiscal	432,549		35,775	7,975	476,299
Business	184,127				184,127
Operation and Maintenance of Plant	1,963,221			289,203	2,252,424
Pupil Transportation	642,085			162,157	804,242
Central	383,494			47,764	431,258
Operation of Food Services	5,927			1,044,826	1,050,753
Extracurricular Activities	296,587			171,548	468,135
Capital Outlay		1,270,759		186,781	1,457,540
Debt Service:					
Principal			14,933,528		14,933,528
Interest			1,495,467		1,495,467
Issuance Costs			184,680		184,680
Total Disbursements	<u>20,631,260</u>	<u>1,270,759</u>	<u>16,649,450</u>	<u>5,164,704</u>	<u>43,716,173</u>
Excess of Receipts Over Disbursements	<u>794,388</u>	<u>7,425,678</u>	<u>(14,950,838)</u>	<u>389,041</u>	<u>(6,341,731)</u>
Other Financing Sources (Uses):					
Premium on Sale of Bonds			963,515		963,515
Proceeds from Sale of Bonds			14,579,923		14,579,923
Total Other Financing Sources (Uses)			<u>15,543,438</u>		<u>15,543,438</u>
Net Change in Fund Balances	794,388	7,425,678	592,600	389,041	9,201,707
Fund Balances - Beginning of Year - Restated (Note 16)	6,576,841	15,171,442	390,019	2,082,504	24,220,806
Fund Balances - End of Year	<u>\$7,371,229</u>	<u>\$22,597,120</u>	<u>\$982,619</u>	<u>\$2,471,545</u>	<u>\$33,422,513</u>

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Total Governmental Funds \$9,201,707

Amounts reported for governmental activities in the
statement of activities are different because

Internal service fund charges insurance costs to other funds. The entity-wide
statements eliminate governmental fund disbursements and related internal
service fund charges. Governmental activities report allocated net
internal service fund receipts (disbursements).

(453,714)

Change in Net Assets of Governmental Activities

\$8,747,993

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Taxes	\$8,720,448	\$8,568,499	\$8,564,423	(\$4,076)
Intergovernmental	11,539,185	11,491,592	11,460,893	(30,699)
Interest	30,000	40,000	40,918	918
Tuition and Fees	960,682	960,335	965,929	5,594
Rent	125,000	135,000	139,850	4,850
Miscellaneous	48,000	48,000	102,825	54,825
Total Receipts	<u>21,423,315</u>	<u>21,243,426</u>	<u>21,274,838</u>	<u>31,412</u>
Disbursements:				
Current:				
Instruction:				
Regular	11,425,464	11,532,794	10,433,665	1,099,129
Special	2,056,601	2,056,768	2,128,809	(72,041)
Vocational	448,405	447,520	390,619	56,901
Support Services:				
Pupil	1,172,358	1,171,086	1,131,435	39,651
Instructional Staff	968,707	968,056	778,586	189,470
Board of Education	206,508	233,659	218,562	15,097
Administration	1,569,259	1,581,022	1,510,565	70,457
Fiscal	456,444	457,245	432,549	24,696
Business	190,647	191,217	184,127	7,090
Operation and Maintenance of Plant	2,189,063	2,173,716	1,977,049	196,667
Pupil Transportation	603,993	611,802	641,945	(30,143)
Central	341,161	343,909	380,411	(36,502)
Operation of Non-Instructional Services				
Operation of Food Services	2,958	2,958	5,927	(2,969)
Community Service	5,000	5,000	5,000	
Extracurricular Activities	322,346	322,346	296,587	25,759
Total Disbursements	<u>21,958,914</u>	<u>22,099,098</u>	<u>20,515,836</u>	<u>1,583,262</u>
Excess of Receipts Over (Under) Disbursements	<u>(535,599)</u>	<u>(855,672)</u>	<u>759,002</u>	<u>1,614,674</u>
Other Financing Sources (Uses):				
Transfers Out	(25,000)	(25,000)		25,000
Other Financing Uses	(25,000)	(4,316)		4,316
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(29,316)</u>		<u>29,316</u>
Net Change in Fund Balances	(585,599)	(884,988)	759,002	1,643,990
Fund Balances - Beginning of Year	6,438,203	6,438,203	6,438,203	
Prior Year Encumbrances Appropriated	<u>38,917</u>	<u>38,917</u>	<u>38,917</u>	
Fund Balances - End of Year	<u>\$5,891,521</u>	<u>\$5,592,132</u>	<u>\$7,236,122</u>	<u>\$1,643,990</u>

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2011**

	<u>Governmental Activities</u>
	<u>Internal Service</u>
Assets:	
Equity in Pooled Cash and Investments	\$513,209
Total Assets	<u>513,209</u>
Net Assets:	
Unrestricted	513,209
Total Net Assets	<u>\$513,209</u>

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Governmental Activities
	Internal Service
	Fund
Operating Receipts:	
Charges for Services	\$3,213,001
Operating Disbursements:	
Claims	3,248,261
Administration Fees	419,341
Total Operating Disbursements	3,667,602
Operating Income	(454,601)
Non-Operating Receipts:	
Interest	887
Change in Net Assets	(453,714)
Net Assets - Beginning of Year	966,923
Net Assets - End of Year	\$513,209

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Private Purpose Trust	Agency
Assets:		
Equity Pooled in Cash and Investments	\$64,331	\$111,716
Total Assets	64,331	111,716
Net Assets:		
Endowments	34,533	
Held in Trust for:		
Scholarships	29,798	
Student Activities		111,716
Total Net Assets	\$64,331	\$111,716

See accompanying notes to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Private Purpose Trust
Additions:	
Interest	\$168
Contributions and Donations	3,767
Total Additions	3,935
 Deductions:	
Payments in Accordance with Trust Agreements	3,500
Total Deductions	3,500
 Change in Net Assets	 435
 Net Assets - Beginning of Year	 63,896
 Net Assets - End of Year	 \$64,331

See accompanying notes to the basic financial statements.

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**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Bellefontaine City School District (the "School District") is organized under Sections 2 and 3, Article VI of the Constitution of the state of Ohio to provide educational services to the students and other community members of the School District. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the voters of the School District.

The School District serves an area of approximately 31 square miles in Logan County, including all of the City of Bellefontaine, Ohio, and portions of surrounding townships.

The School District currently operates three elementary schools, one middle school and one comprehensive high school. The School District is staffed by non-certificated employees and certificated employees to provide services to students and other community members.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with three jointly governed organizations, one joint venture, and one insurance purchasing pool. These organizations include the Ohio Hi-Point Career Center, State Support Team Region 6, the Logan County Education Foundation, the Joint Recreation School District (Blue Jacket Park) and the Hunter Consulting Company Worker's Compensation Group Rating Plan. These organizations are presented in Notes 10, 11 and 12 to the basic financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A., these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the School District's accounting policies.

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The School District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

The School District also reports investments as assets, valued at cost basis.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary disbursements result from encumbrances outstanding at the beginning and end of the fiscal year.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

B. Basis of Presentation

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

1. Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the School District's general receipts.

2. Fund Financial Statements

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

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

C. Fund Accounting

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

1. Governmental Funds:

Governmental funds are those through which most governmental functions of the School District are financed. The following are the School District's major governmental funds:

General Fund – The General Fund is the primary operating fund of the School District and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Classroom Facilities Fund – The Classroom Facilities Fund is used to account for the monies received and expended in connection with contracts entered into by the School District for the building and equipping of classroom facilities.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The other governmental funds of the School District account for grants and other to which the School District is bound to observe constraints imposed upon the use of the resources.

2. Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net asset, financial position, and cash flows. The internal service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the School District, or to other governmental units, on a cost-reimbursement basis. The School District has one proprietary fund, an Internal Service Fund. The internal service fund is used to account for the operation of providing health and dental coverage to the employees of the School District. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The Net Assets of the internal service fund are included with unrestricted net assets on the government-wide statement.

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organization, or other governmental units and are not available to support the School District’s own programs. The School District’s fiduciary funds include private purpose trust and agency funds. The School District’s private purpose trust funds account for endowments and programs that provide college scholarships for students after graduation. Agency funds are custodial in nature (cash equals net assets) and do not involve measurement of results of operations. The School District’s agency funds account for various student-managed activities.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

1. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed disbursements and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

2. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected receipt of each fund. Prior to June 30, the School District must revise its budget so that total contemplated disbursements from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipt are identified by the School District's Treasurer.

3. Appropriations

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying a new certificate is not necessary, the annual Appropriation Resolution Report must be legally enacted by the Board of Education at the fund level of disbursements, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary disbursements of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Encumbrances

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

5. Lapsing of Appropriations

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

E. Cash and Investments

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

During fiscal year 2011, investments were limited to STAROhio, repurchase agreements, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, Federal National Mortgage Association and money market accounts. STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price for which the investment could be sold on June 30, 2011.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2011 were \$40,918, which includes \$4,229 interest assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an initial maturity of more than three months that were not purchased from the cash management pool are reported as investments.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets. Depreciation is not recorded on these capital assets.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

H. Long-term Debt

Modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported as other financing sources when cash is received and principal and interest payments are reported as disbursements when paid.

I. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant is received.

J. Inventory

The School District reports disbursements for inventory when paid. These items are not reflected as assets in the accompanying financial statements.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Equity Classifications

1. Government-Wide Statements

Equity is classified as net assets and is displayed in separate components:

- a. Restricted net assets** – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specified purposes. At June 30, 2011, there were no net assets restricted by enabling legislation.
- b. Unrestricted net assets** – All other net assets that do not meet the definition of “restricted.”

The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

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

- a. Non-spendable** – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
- b. Restricted** – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed** – The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- d. Assigned** – Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.
- e. Unassigned** – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

M. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

- 1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.
- 2. Reimbursements from one fund to another are treated as disbursements/expenses in the reimbursing fund and a reduction in disbursements/expense in the reimbursed fund.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Receipts and Disbursements

1. Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and sales, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

2. Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

O. Implementation of New Accounting Policies

For the year ended June 30, 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" and GASB Statement No. 59, "*Financial Instruments Omnibus*."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as non-spendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the School District.

3. DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

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

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

3. DEPOSITS AND INVESTMENTS (Continued)

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above; provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 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 or Ohio local governments;
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 Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed 25 percent of the interim moneys available for investment at any one time;
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

3. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured by Federal Deposit Insurance Corporation or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all uninsured public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

At fiscal year-end, the carrying amount of the School District's deposits was \$22,182,111 and the bank balance was \$22,269,826. Of the School District's bank balance, \$13,464,258 was covered by federal depository insurance, leaving \$8,805,889 exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent not in the School District's name.

As of June 30, 2011, the School District has \$294 in deposited cash on hand. This amount is included in equity in pooled cash and investments.

B. Investments

As of June 30, 2011, the School District had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturities</u>		<u>Percentage</u>
		<u>Less than 1 Year</u>	<u>More than 1 year</u>	
Repurchase Agreement	\$5,863,659	\$ 5,863,659		49%
STAROhio	158,111	158,111		1%
Federal Home Loan Bank	3,239,250	1,990,000	\$1,249,250	27%
Federal National Mortgage Assn.	976,000	976,000		8%
Federal Home Loan Mortgage Corporation	1,000,000	1,000,000		9%
Money Market Funds	692,344	692,344		6%
Total	\$11,929,364	\$10,680,114	\$ 1,249,250	100%

C. Interest Rate Risk

The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

3. DEPOSITS AND INVESTMENTS (Continued)

D. Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the School District. The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

E. Credit Risk

The School District's investments at June 30, 2011, in STAROhio, Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and money market funds are rated AAAM and AAA, respectively by Standard & Poor's. The School District's investments in the federal agency securities that underlie the School District's repurchase agreements were rated Ana by Standard & Poor's.

F. Concentration of Credit Risk

The School District places no limit on the amount the district may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. More than 5 percent of the School District's investments are in Repurchase Agreements, Federal Home Loan Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, and Money Market Funds. These investments are 49 percent, 27 percent, 8 percent, 8 percent, and 6 percent, respectively, of the School District's total investments for the amounts listed above.

4. PROPERTY TAXES

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts 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. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006 – 2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. PROPERTY TAXES (Continued)

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

The School District receives property taxes from Logan County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property	\$261,918,980	97%	\$255,918,980	97%
Tangible Personal Property	589,340	0%	317,030	0%
Public Utility Personal	7,486,660	3%	8,024,460	3%
Total	\$269,994,980	100%	\$264,260,470	100%
Tax rate per \$1,000 of assessed valuation	\$55.33		\$55.33	

5. RISK MANAGEMENT

A. Public Liability

The School District is exposed to various risks related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains comprehensive commercial insurance coverage for real property, building contents, and vehicles.

Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Health Care Benefits

The School District has established a Self-Insurance Fund in the Internal Service Fund Type to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$75,000 per claim per employee. The School District purchases commercial insurance for claims in excess of coverage provided by this fund and for other risks of loss including annual aggregate stop losses coverage for annual claims paid. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. RISK MANAGEMENT (Continued)

C. Workers' Compensation

The School District participates in the Hunter Consulting Company Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan.

Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of the Hunter Consulting Company provides administrative, cost control and actuarial services to the Plan.

D. Self-Insurance

The School District is also self-insured for employee health care benefits. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from Interfund rates that are charged based on claims approved by the claims administrator. A comparison of Self Insurance Fund cash balance and estimated liability as of June 30 follows:

	<u>2011</u>	<u>2010</u>
Cash	\$513,209	\$966,923
Estimated Liabilities	\$390,366	\$325,961

Estimated liabilities are based on fiscal year paid claims multiplied by a computation factor.

6. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing SERS, 300 E. Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853, or on their website at www.ohsers.org under Employers/Audit Resources.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

The School District's contributions to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$335,926, \$358,563, and \$233,950, respectively; which equaled the required contributions each year.

State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more year of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1 percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65 whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3 percent of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DV Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's contributions for pension obligations for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,443,549, \$1,486,513, and \$1,374,300, respectively; 81 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$71,056 made by the School District and \$50,755 made by the plan members.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2010 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. The Board's liability is 6.2 percent of wages paid. As of June 30, 2011, three of the Board of Education members have elected social security.

7. POST EMPLOYMENT BENEFITS

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

State Teachers Retirement System

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the fiscal years ended June 30, 2011, 2010 and 2009. The 14 percent employer contribution rate is the maximum rate established under Ohio Law. The School District's contributions for post-employment health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$111,042, \$114,347, and \$105,715, respectively; 81 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan SERS administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76 percent. The School District's contributions for the fiscal years ended June 30, 2011, 2010 and 2009 were \$21,618, \$21,323, and \$19,302, respectively, which equaled the required contributions each year.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

7. POST EMPLOYMENT BENEFITS (Continued)

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2011, the health care allocation is 1.43 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$60,652, \$49,356, and \$122,193, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

8. DEBT OBLIGATIONS

The following is a description of the School District's bonds outstanding as of June 30, 2011:

	Interest Rate	Principal Outstanding 6/30/10	Additions	Deductions	Principal Outstanding 6/30/11	Amount Due Within One Year
1993 Bond Issue	2.7-4.4%	\$ 166,148		\$ 88,528	\$ 77,620	\$ 77,620
2005 Bond Issue	5.0-5.5%	7,345,000		265,000	7,080,000	280,000
2009 Note	5.0-5.5%	14,580,000		14,580,000		
2010B Build America Bonds	2.0-26.4%		\$14,190,000		14,190,000	
2010A Tax-Exempt Bonds	5.45-5.9%		389,923		389,923	5,000
Total Debt Obligation		\$22,091,148	\$14,579,923	\$14,933,528	\$21,737,543	\$362,620

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

8. DEBT OBLIGATIONS (Continued)

1993 Refunding Bond Issue – In December 1993, the School District issued \$4,923,935 in general obligation refunding bonds for the purpose of advance refunding of bonds originally issued in March 1990 that were used for renovating the middle school, furnishing and equipping the same and improving the site thereof, and removing asbestos at various buildings. The refunding bond issue consisted of \$4,000,000 of Current Interest Serial Bonds with interest rates ranging from 2.65 to 4.40 percent and \$923,935 of Capital Appreciation Serial Bonds with stated interest rates ranging from 10.3 to 10.4 percent (or the rate that, when applied to the original principal amount, compounded semi-annually results in the maturity amount) for an approximate yield to maturity of 5.1 percent to 5.6 percent. The bonds will be retired from the Debt Service Fund. The source of payment is derived from current 2.70 mill and current 2.60 mill bonded debt tax levies.

The Current Interest Serial Bonds matured December 1, 2009. The Capital Appreciation Bonds will bear interest, compounded semi-annually on June 1 and December 1 (the “interest Accretion Dates”), from the date of their issuance, but the interest will be payable only at maturity. The Capital Appreciation Bonds began maturing in fiscal year 2005 and will mature through fiscal year 2012. The maturity amount of all outstanding capital appreciation bonds totals \$965,000.

The accreted amount for fiscal year 2011 was \$36,067, and the amount of the bonds outstanding including accreted interest at June 30, 2011 is \$464,217.

2005 General Obligation Advance Refunding Bonds – In April 2005, the School District issued \$7,475,000 in voted general obligation bonds for the purpose of refunding a portion of the 1999 School Improvement Bonds originally issued for the purpose of additions and renovations to the High School. The refunding bond issue consists of \$3,760,000 in serial bonds and \$3,715,000 in term bonds. The serial bonds have interest rates at 5.0 percent and yield rates from 2.45 to 4.22 percent. Term bonds have a 5.5 percent interest rate with final maturities on December 1, 2023 and December 1, 2026. The bonds will be retired from the Debt Service Fund. The source of payment is derived from current 2.70 mill and current 2.60 mill bonded debt facilities tax levies.

The remaining serial bonds mature each year beginning in 2010 through 2019. Bonds maturing on December 1, 2016, 2017, 2018 and 2019 are subject to redemption at the option of the School District, in whole or in part, in such order as the School District shall determine, on any date on or after December 1, 2015, at the redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption.

The term bonds maturing on December 1, 2023 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2020 and each December 1 thereafter. The remaining principal amount of such Bonds (\$530,000) will mature at stated maturity on December 1, 2023.

The term bonds maturing on December 1, 2026 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2024 and 2025. The remaining principal amount of such bonds (\$620,000) will mature at stated maturity on December 1, 2026.

2009 School Facilities Construction and Improvement Notes – In December 2009, the School District issued notes in the amount of \$14,580,000, in anticipation of the issuance of bonds, for the purpose of constructing school facilities and locally funded initiatives under the Classroom Facilities Assistance Program of the Ohio School Facilities Commission, furnishing and equipping the same, improving the sites thereof, and acquiring interests in land as necessary in connection therewith. The interest rate on the note is at 1.00 percent. The note was repaid during fiscal year 2011 with the 2010 Bond Issues.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

8. DEBT OBLIGATIONS (Continued)

2010 School Facilities Construction and Improvement Bonds – In September 2010, the School District issued \$14,579,923 in general obligation bonds for the purpose of constructing two new school buildings. The bond issue consists of \$205,000 of tax-exempt serial bonds, \$184,923 of tax-exempt capital appreciation bonds and \$14,190,000 in Build America Bonds. The serial bonds have interest rates at 2.0 percent. The Capital Appreciation Bonds will bear interest, compounded semi-annually on June 1 and December 1 (the “interest Accretion Dates”), from the date of their issuance, but the interest will be payable only at maturity. The Build America Bonds have a 5.45 percent to 5.90 percent. The bonds will be retired from the Debt Service Fund. The source of payment is derived from current 2.80 mill and current 0.5 mill bonded debt tax levies.

The following is a summary of the School District’s future annual debt service requirements to maturity for general obligation bonds:

Fiscal Year Ending June 30,	1993 Bond Issue	2005 Bond Issue	2010 Bond Issue Tax Exempt	2010 Bond Issue BABs	Interest/ Accretion	Total
2012	\$77,620	\$ 280,000	\$ 5,000		\$ 1,570,195	\$ 1,932,815
2013		295,000	55,000		1,157,840	1,507,840
2014		335,000	60,000		1,140,940	1,535,940
2015		350,000	85,000		1,122,365	1,557,365
2016		345,000	37,105		1,202,035	1,584,140
2017-2021		2,210,000	118,956		5,991,744	8,320,700
2022-2026		2,645,000	28,862	\$ 1,355,000	4,928,010	8,956,872
2027-2031		620,000		4,405,000	3,116,174	8,141,174
2032-2036				4,050,000	1,852,980	5,902,980
2037-2041				4,380,000	666,110	5,046,110
Total	<u>\$77,620</u>	<u>\$7,080,000</u>	<u>\$389,923</u>	<u>\$14,190,000</u>	<u>\$22,748,393</u>	<u>\$44,485,936</u>

9. SET ASIDE REQUIREMENTS

The School District is required by state law to set aside certain general fund receipt amounts, as defined, into various reserves. For the fiscal year ended June 30, 2011, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve
Set-aside reserve balance June 30, 2010	\$656,809	
Current year set aside requirement	382,737	\$ 382,737
Current year offsets		(14,579,923)
Current year qualifying disbursements	(189,625)	(577,571)
Total	<u>\$849,921</u>	<u>(\$14,774,757)</u>
Balance carried forward to FY2012	<u>\$ 0</u>	<u>\$ 0</u>
Set-aside reserve balance June 30, 2011	<u>\$849,921</u>	<u>\$ 0</u>

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the Capital Maintenance Reserve. A portion of this extra amount which represents proceeds from bonds, \$30,185,208 may be used to reduce the set-aside requirements for future years. Senate Bill 345 eliminated the requirement to set aside additional for budget stabilization. The reserve for budget stabilization balance represents the set aside required for Bureau of Workers’ Compensation refunds. Effective July 1, 2011, the textbook set-aside laws have been repealed.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Hi-Point Career Center

The Ohio Hi-Point Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Hi-Point Career Center, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311-9594.

B. State Support Team Region 6

The State Support Team Region 6 ("SST6") is a special education service center, which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SST6 is governed by a board of 52 members made up of the 50 superintendents of the participating School Districts, one non-public school, and Wright State University whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Marlene Graf, Director, at 1045 Dearbaugh, Suite #1, Wapakoneta, Ohio 45895.

C. Logan County Education Foundation

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting Eric Tom, who serves as Executive Director, 121 South Opera Street, Bellefontaine, Ohio 43311.

11. JOINT VENTURE

The Joint Recreation School District (Blue Jacket Park) – The Joint Recreation School District (JRD) was established June 25, 1984. The JRD is operated by a seven member Board consisting of three representatives from both the Bellefontaine City School District and the City of Bellefontaine.

The remaining member is selected by the six appointed Board members. The JRD operates the Blue Jacket Park which is adjacent to the Bellefontaine City School District and for which the School District owns the land. The operating budget for the JRD is passed by the City of Bellefontaine and is submitted to the JRD Board. To obtain financial information write to the City of Bellefontaine, Jack Reser, who serves as Auditor, at 135 North Detroit Street, Bellefontaine, Ohio 43311.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. INSURANCE PURCHASING POOL

The Hunter Consulting Company Workers' Compensation Group Rating Plan – The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Hunter Consulting Company Workers' Compensation Group Rating Plan (the "Plan") was established through the Hunter Consulting Company as an insurance purchasing pool. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the Plan.

13. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

B. Litigation

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

14. ACCOUNTABILITY

At June 30, 2011, the IDEA Special Education Grants Fund, The Title I Grants Fund, Title IV-A Grants Fund, and the Miscellaneous Federal Grants Fund had deficit balances in the amount of \$26,775, \$8,094, \$173, \$12,817, respectively. The General Fund provides transfers to cover deficit balances; however; this is done when cash is needed. The deficit fund balance was created at June 30, 2011 as a result of late disbursements from the grant authorities.

15. BUDGETARY BASIS OF ACCOUNTING

The statement of receipts, disbursements and changes in fund balance – budget and actual (cash basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- a. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- b. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

15. BUDGETARY BASIS OF ACCOUNTING

Net Change in Fund Balance	
	General Fund
Cash basis	\$794,388
Funds budgeted elsewhere**	8,155
Adjustment for encumbrances	(43,541)
Budget basis	\$759,002

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the modified cash basis. This includes the public school support fund, uniform school supplies fund and the emergency levy fund.

16. RESTATEMENT OF FUND BALANCES

For fiscal year 2011, the School District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

The restatement had the following effect on fund balance as of June 30, 2010:

	General Fund	Governmental Funds
Fund Balance June 30, 2010	\$6,477,120	\$2,182,225
Change in Fund Structure	99,721	(99,721)
Adjusted Fund Balance at July 1, 2010	\$6,576,841	\$2,082,504

17. CONTRACTUAL COMMITMENTS

At June 30, 2011, the School District had the following outstanding contractual commitments:

<u>Contractor/Vendor</u>	<u>Contracted Amount</u>	<u>Amount Remaining</u>
Reichart Excavating, Inc.	\$ 84,320	\$ 46,500
Freytag & Associates, Inc.	791,168	338,016
LeVan's Excavating, Inc.	117,172	8,052
R.D. Jones Excavating, Inc.	1,404,706	1,404,706
BC & E Engineering	87,194	70,071

The School District was still in the process of bidding out the projects for the construction of the new buildings as of June 30, 2011.

18. FUND BALANCE

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

18. FUND BALANCE (Continued)

	<u>General</u>	<u>Classroom Facilities</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Restricted for:					
Textbook and Instructional	\$849,921				\$ 849,921
Capital Improvements		\$22,597,120		\$1,211,705	23,808,825
Food Service Operations				667,618	667,618
Race to the Top				1,800	1,800
Student Activities				180,948	180,948
Regular Instruction				118,862	118,862
Improving Teacher Quality				2,561	2,561
Technology Improvements				8	8
Network Connectivity				7,011	7,011
Operation and Maintenance of Plant				321,064	321,064
Miscellaneous Grant Projects				7,827	7,827
Debt Service			\$982,619		982,619
Total Restricted	<u>849,921</u>	<u>22,597,120</u>	<u>982,619</u>	<u>2,519,404</u>	<u>26,949,064</u>
Assigned for:					
Public School Support	84,338				84,338
School Supplies	4,913				4,913
Unpaid Obligations	45,857				45,857
Total Assigned	<u>135,108</u>				<u>135,108</u>
Unassigned	<u>6,386,200</u>			<u>(47,859)</u>	<u>6,338,341</u>
Total Fund Balances	<u>\$7,371,229</u>	<u>\$22,597,120</u>	<u>\$982,619</u>	<u>\$2,471,545</u>	<u>\$33,422,513</u>

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
Nutrition Cluster:					
Noncash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$87,999		\$87,999
Cash Assistance					
National School Lunch Program	10.555	\$559,809		\$559,809	
Total National School Lunch Program		559,809	87,999	559,809	87,999
School Breakfast Program	10.553	167,470		167,470	
Total Nutrition Cluster		727,279	87,999	727,279	87,999
Total United States Department of Agriculture		727,279	87,999	727,279	87,999
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
Special Education Cluster					
Special Education Grants to States	84.027	602,048		603,067	
ARRA - Special Education Grants to States - Recovery Act	84.391	443,796		463,975	
Total Special Education Cluster		1,045,844		1,067,042	
Title I, Part A Cluster					
Title 1 Grants to Local Educational Agencies	84.010	701,142		728,824	
ARRA - Title 1 Grants to Local Educational Agencies - Recovery Act	84.389	389,062		392,952	
Total Title 1, Part A Cluster		1,090,204		1,121,776	
Education Technology State Grants	84.318	8,483		8,766	
English Language Acquisition Grants	84.365	13,228		7,869	
Improving Teacher Quality State Grants	84.367	107,322		112,272	
Safe and Drug-Free Schools and Communities	84.186	2,599		2,100	
Rural Education	84.358	29,755		29,329	
Teacher Incentive Grant	84.385	46,290		59,107	
Race to the Top	84.395A	27,695		25,894	
ARRA - State Fiscal Stabilization Fund (SFSF)					
Education State Grants - Recovery Act	84.394	969,087		861,015	
Total U. S. Department of Education		3,340,507		3,295,170	
Total Federal Financial Assistance		\$4,067,786	\$87,999	\$4,022,449	\$87,999

The accompanying notes to this schedule are an integral part of this schedule.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DONATION

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance is reported in the Schedule at the entitlement value of the commodities received and consumed.

At June 30, 2011, the District had no significant food commodities in inventory.

NOTE C – NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.



Dave Yost • Auditor of State

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

Bellefontaine City School District
Logan County
820 Ludlow Avenue
Bellefontaine, Ohio 43311

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellefontaine City School District, Logan County, (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 9, 2012 wherein we noted the School District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-01 and 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated February 9, 2012.

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the School District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, Board of Education, and federal awarding agencies and pass-through entities, and others within the School District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

February 9, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Bellefontaine City School District
Logan County
820 Ludlow Avenue
Bellefontaine, Ohio 43311

To the Board of Education:

Compliance

We have audited the compliance of Bellefontaine City School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Waynesfield-Goshen Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with these requirements.

As described in findings 2011-03 through 2011-05 in the accompanying schedule of findings, the School District did not comply with requirements regarding equipment and real property management applicable to its Special Education Grants to States, and cash management and reporting requirements for the State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act major federal programs. Compliance with these requirements is necessary, in our opinion, for the School District to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Bellefontaine City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could directly and materially affect a major federal program, 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, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2011-03 to 2011-05 to be material weaknesses.

The School District's response to the findings we identified are described in the accompanying schedule of findings. We did not audit the School District's responses and, accordingly, we express no opinion on them.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated February 9, 2012.

We intend this report solely for the information and use of the management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

February 9, 2012

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Grants to States – CFDA #84.027 ARRA -Special Education Grants to States – Recovery Act – CFDA #84.391 Title I – Grants to Local Educational Agencies – CDFA #84.010 ARRA - Title I – Grants to Local Educational Agencies – Recovery Act – CFDA #84.389 ARRA - State Fiscal Stabilization Fund (SFSF)- Education State Grants- CFDA#84.394 School Nutrition Cluster – CFDA #10.553 and #10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2011-01

NONCOMPLIANCE

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Adm. Code Section 117-2-03(B) requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2011, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District should prepare their financial statements according to generally accepted accounting principles to include all assets, liabilities, and disclosures to provide a more complete presentation of its financial status.

Official's Response:

See Corrective Action Plan, Page 59

FINDING NUMBER 2011-02

NONCOMPLIANCE

Ohio Rev. Code Section 135.13 states that interim deposits, such as certificates of deposit must mature not more than one year from the date of deposit. The school district had several certificates of deposit with maturities of greater than one year. At June 30, 2011, the District held \$10,115,029 in negotiable certificates of deposit with maturity dates greater than one year from the purchase date.

Certificates of deposit for interim money that mature beyond one year could result in the District not being in position to handle short term financing needs. In most instances, the District would only be able to cash certificates of deposit before maturity by paying a penalty.

Procedures should be implemented to help ensure compliance with this requirement and to maintain adequate funds for short-term financing needs.

Official's Response:

See Corrective Action Plan, Page 59

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2011-03
CFDA Title and Number	ARRA - State Fiscal Stabilization Fund (SFSF)- Education State Grants- CFDA#84.394
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

NONCOMPLIANCE AND MATERIAL WEAKNESS

34 CFR 80.20 (b)(7) which states in part: “When advances are made by electronic transfer of funds methods, the grantee must make draw downs as close as possible to the time of making disbursements.” The District received advances made by electronic transfer of funds for the State Fiscal Stabilization Funds grant through foundation receipts. In fiscal year 2011, there were 12 months in which the State Fiscal Stabilization Fund had month ending cash balances ranging from \$8,101 to \$176,666. For 5 of these months, the month ending cash balances were not expended within 30 days.

Procedures should be implemented for minimizing the time elapsing between the receipt and disbursement of funds to meet this requirement.

Official’s Response:

See Corrective Action Plan, Page 59

Finding Number	2011-04
CFDA Title and Number	Special Education Grants to States – CFDA #84.027 ARRA -Special Education Grants to States – Recovery Act – CFDA #84.391
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

NONCOMPLIANCE AND MATERIAL WEAKNESS

34 C.F.R. § 80.32, states in part, a State shall use, manage, and dispose of equipment acquired under a Federal grant in accordance with State laws and procedures. OMB Circular A-133 states that local governments shall use State laws and procedures for equipment acquired under a sub-grant from a State. The Ohio Department of Education has adopted the general requirements of the agency codification of the A-102 Common Rule and has imposed those requirements on its sub-recipients.

**FINDING NUMBER 2011-04
 (Continued)**

OMB Circular A-110 Subpart C 34 and OMB Circular A-133 require that equipment be used in the program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value.

The District did not perform a physical inventory of equipment at least once every two years.

Procedures should be implemented so that the District performs a physical inventory of equipment as required by grant requirements.

Official's Response:

See Corrective Action Plan, Page 60

Finding Number	2011-05
CFDA Title and Number	ARRA - State Fiscal Stabilization Fund (SFSF)- Education State Grants- CFDA#84.394
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

NONCOMPLIANCE AND MATERIAL WEAKNESS

American Recovery and Reinvestment Act of 2009 (ARRA), Section 1512 (b) & (c) require any entity that receives certain Recovery funds directly from the Federal government (including recovery funds received through grant, loan or contract other than an individual) to submit a report to the Federal Agency not later than 10 days after the end of each calendar quarter in which the Federal Recovery funds were received. Section 1512 (c) (4) requires detailed information on any subcontracts or sub-grants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), allowing aggregate reporting on awards below \$25,000 or to individuals.

Further, **Office of Management and Budget Memo M-09-21 dated June 22, 2009** states that prime recipients may choose to delegate certain reporting requirements to sub-recipients. This memo also states three additional data elements associated with any vendors receiving funds from the prime recipient for any payments greater than \$25,000 must be reported.

The **Ohio Department of Education's American Recovery and Reinvestment Act Reporting Guidance** states the Ohio Department of Education (ODE), as a prime recipient of ARRA funding, is required to report quarterly to the federal government data on ARRA programs. ODE distributes ARRA funds to local education agencies (LEAs) as sub recipients and must collect quarterly data from LEAs to meet the reporting requirements associated with ARRA funding. Among the items to be reported, the vendor name and zip code are required for each vendor that received a single payment, from a single ARRA grant, in excess of \$25,000. If the vendor received multiple payments less than \$25,000, even when the total of the payments exceeds \$25,000, the vendor information should not be reported.

**FINDING NUMBER 2011-05
(Continued)**

The School District failed to report one single payment of \$63,827 made from the ARRA State Fiscal Stabilization Grant funds which represented 7.4% of total SFSF federal program expenditures.

The failure to comply with all requirements of a federal grant could result in a loss of federal funding to the School District.

Procedures should be implemented to provide assurance that proper reporting has been completed to be in compliance with grant requirements.

Official's Response:

See Corrective Action Plan, Page 60

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Rev. Code Section 117.38 Ohio Adm. Code Section 117-2-03(B) – Failure to prepare annual financial report in accordance with generally accepted accounting principles.	No	Repeated as Finding 2011-01
2010-002	34 C.F.R. § 80.20(B)(7) – Failure to disburse fund within 30 days or month end after receiving transfer of funds.	No	Repeated as Finding 2011-03
2010-003	34 C.F.R. § 80.32 – Failure to perform physical inventory of equipment at least once every two years.	No	Repeated as Finding 2011-04

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-001	<p>Ohio Rev. Code Section 117.38 – Noncompliance Citation</p> <p>Due to the extra costs associated with preparing and filing a GAAP report, the Board of Education has opted to have the District file financial statements formatted similarly to those prescribed by Governmental Accounting Standards Board Statement No. 34, on the basis of cash receipts and cash disbursements, rather than GAAP.</p>	Ongoing	Keith E. Krieger
2011-002	<p>Ohio Rev. Code Section 135.13 – Noncompliance Citation</p> <p>\$8,865,029 of this amount was the Board’s share of local funds for our OSFC project. The Board does not expect to have to use any of these funds until June 2012. All funds will not be needed in June 2012. They will pro-rated out between June 2012 and January 2013. Additionally, because of current economic conditions, in order to get any sort of decent interest rate, an investment for a two-year period was required.</p>	Ongoing	Keith E. Krieger
2011-003	<p>34 CFR 80.20 (b) (7)– State Fiscal Stabilization Fund</p> <p>There were no stipulations on how these funds could be spent. It was recommended that we did not spend these funds on special education. We did not have an option to request these funds on an as needed basis as we do with other federal programs. They were automatically included in our monthly foundation payments.</p> <p>In our first foundation payment in May 2011, we received an additional \$100,000 in SFSF funding that was not anticipated. The remaining payments in May and June 2011 were each about \$5,000 greater than the amounts we had previously been receiving.</p>	06/30/2011	Keith E. Krieger

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-003 (Continued)	<p>Since these funds had no stipulations on how they could be spent, we moved certain line items from the general fund to the SFSF funds. The timing of the payments of these items was one reason we had a balance in these funds. The other was the additional \$100,000 we received that we did not anticipate. If we could have requested these funds on an as needed basis like other federal programs, the cash balances would not have been an issue.</p> <p>Additionally, all SFSF funds were expended by the required program deadlines.</p> <p>This funding expired on June 30, 2011. If the District receives funding that is received in this manner in the future, it will look to move expenditures into the fund that are expended on a more routine basis.</p>		
2011-004	<p>34 C.F.R. § 80.32</p> <p>The District will look to take a biennial physical inventory of equipment purchased with federal funding.</p>	06/30/2012	Keith E. Krieger
2011-005	<p>American Recovery and Reinvestment Act of 2009 (ARRA), Section 1512 (b) & (c)</p> <p>This entry was inadvertently omitted from the December 2010 Sixth Quarterly ARRA Report. It was included on all ensuing quarterly reports.</p>	03/31/2011	Keith E. Krieger



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

Bellefontaine City School District
Logan County
820 Ludlow Avenue
Bellefontaine, Ohio 43311

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Bellefontaine City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on December 13, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

February 9, 2012

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Dave Yost • Auditor of State

BELLEFONTAINE CITY SCHOOL DISTRICT

LOGAN 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 26, 2012**