



**Auditor of State  
Betty Montgomery**



**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the Bellefontaine City School District, Logan County, (the "District"), as of and for the fiscal year ended June 30, 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code Section 117-2-03 (B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 2, the accompanying financial statements and notes have been prepared on a basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with generally accepted accounting principles. This basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of Bellefontaine City School District, Logan County, as of June 30, 2004, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 7, 2005

**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Governmental Fund Types				Fiduciary Funds	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trusts	
<b>Cash Receipts:</b>						
From Local Sources:						
Taxes	\$7,151,551		\$1,050,116	\$230,055		\$8,431,722
Tuition	135,101	4,596				139,697
Earnings on Investments	48,407				270	48,677
Extracurricular Activities		183,925				183,925
Intergovernmental - State	11,060,818	269,145	101,994	86,365		11,518,322
Intergovernmental - Federal	120,297	1,264,138				1,384,435
Miscellaneous	67,436	251,909		6,835	500	326,680
<b>Total Cash Receipts</b>	<b>18,583,610</b>	<b>1,973,713</b>	<b>1,152,110</b>	<b>323,255</b>	<b>770</b>	<b>22,033,458</b>
<b>Cash Disbursements:</b>						
Current:						
Instruction:						
Regular	8,639,954	757,733		57,368		9,455,055
Special	2,152,274	609,521				2,761,795
Vocational	737,204			213		737,417
Other	289,323					289,323
Support Services:						
Pupil	822,186	33,421				855,607
Instructional Staff	886,398	394,069				1,280,467
Board of Education	182,483					182,483
Administration	1,647,834	63,736				1,711,570
Fiscal	379,576		22,576	4,920		407,072
Business	175,067					175,067
Operations and Maintenance	1,814,454	56,566		199,758		2,070,778
Pupil Transportation	481,374					481,374
Central	242,192	41,733				283,925
Non-Instructional Services	8,712	2,000			1,700	12,412
Extracurricular Activities	323,108	162,103				485,211
Facilities Services	200	6,264		44,235		50,699
Debt Service:						
Principal Retirement			695,000			695,000
Interest and Fiscal Charges			500,490			500,490
<b>Total Cash Disbursements</b>	<b>18,782,339</b>	<b>2,127,146</b>	<b>1,218,066</b>	<b>306,494</b>	<b>1,700</b>	<b>22,435,745</b>
Cash Receipts Over (Under) Cash Disbursements	(198,729)	(153,433)	(65,956)	16,761	(930)	(402,287)
Other Financing Sources (Uses):						
Operating Transfers In		8,804	90,535			99,339
Operating Transfers Out	(90,535)	(8,804)				(99,339)
Refund of Prior Year Cash Disbursements		(8,079)				(8,079)
<b>Total Other Financing Sources (Uses)</b>	<b>(90,535)</b>	<b>(8,079)</b>	<b>90,535</b>			<b>(8,079)</b>
Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Uses	(289,264)	(161,512)	24,579	16,761	(930)	(410,366)
Fund Cash Balances, July 1	4,841,209	313,967	848,685	254,734	29,634	6,288,229
<b>Fund Cash Balances, June 30</b>	<b>\$4,551,945</b>	<b>\$152,455</b>	<b>\$873,264</b>	<b>\$271,495</b>	<b>\$28,704</b>	<b>\$5,877,863</b>
Reserve for Encumbrances, June 30	\$86,715	\$81,451		\$78,326		\$246,492

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

**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Funds</u>		<b>Total (Memorandum Only)</b>
	<u>Enterprise Funds</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>					
Sales/Charges for Services	\$614,282				\$614,282
Investment Earnings			540		540
Extracurricular Activities				228,810	228,810
Other Operating Receipts		2,303,501		11,355	2,314,856
<b>Total Operating Cash Receipts</b>	<b>614,282</b>	<b>2,303,501</b>	<b>540</b>	<b>240,165</b>	<b>3,158,488</b>
<b>Operating Cash Disbursements:</b>					
Personal Services - Salaries	365,314				365,314
Personal Services - Fringe Benefits	151,852				151,852
Contract Services	4,013			47,162	51,175
Materials and Supplies	404,196			166,210	570,406
Capital Outlay	4,593				4,593
Other Operating Disbursements	726	2,341,568	1,500	10,174	2,353,968
<b>Total Operating Cash Disbursements</b>	<b>930,694</b>	<b>2,341,568</b>	<b>1,500</b>	<b>223,546</b>	<b>3,497,308</b>
Operating Income (Loss)	(316,412)	(38,067)	(960)	16,619	(338,820)
<b>Non-Operating Receipts:</b>					
Grants - State	17,111				17,111
Grants - Federal	293,014				293,014
Interest	233	6,353			6,586
<b>Total Non-Operating Receipts</b>	<b>310,358</b>	<b>6,353</b>			<b>316,711</b>
Net Income (Loss)	(6,054)	(31,714)	(960)	16,619	(22,109)
Fund Cash Balances, at July 1	58,227	617,156	32,828	95,961	804,172
<b>Fund Cash Balances, at June 30</b>	<b>\$52,173</b>	<b>\$585,442</b>	<b>\$31,868</b>	<b>\$112,580</b>	<b>\$782,063</b>
Reserve for Encumbrances, June 30	\$6,391			\$4,297	\$10,688

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

**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Fund Types/Fund	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable/ (Unfavorable)</b>
<b>Governmental:</b>			
General Fund	\$18,639,050	\$18,583,610	(\$55,440)
Special Revenue Funds	2,601,232	1,982,517	(618,715)
Debt Service Funds	1,242,564	1,242,645	81
Capital Project Funds	323,736	323,255	(481)
<b>Proprietary:</b>			
Enterprise Funds	997,967	924,640	(73,327)
Internal Service Fund	2,309,284	2,309,854	570
<b>Fiduciary:</b>			
Expendable Trust Funds	1,126	770	(356)
Non-Expendable Trust Funds	765	540	(225)
Agency	<u>252,545</u>	<u>240,165</u>	<u>(12,380)</u>
Total (Memorandum Only)	<u><u>\$26,368,269</u></u>	<u><u>\$25,607,996</u></u>	<u><u>(\$760,273)</u></u>

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

**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Fund Types/Fund	Prior Year Carryover <u>Appropriations</u>	2004 <u>Appropriations</u>	<u>Total</u>
<b>Governmental:</b>			
General Fund	\$149,739	\$19,920,566	\$20,070,305
Special Revenue Funds	77,850	2,764,962	2,842,812
Debt Service Funds		1,395,806	1,395,806
Capital Project Funds	104,002	357,128	461,130
<b>Proprietary:</b>			
Enterprise Funds	32,518	961,218	993,736
Internal Service Fund		2,350,000	2,350,000
<b>Fiduciary:</b>			
Expendable Trust Funds		8,215	8,215
Non-Expendable Trust Funds		1,500	1,500
Agency	3,185	282,659	285,844
Total (Memorandum Only)	<u>\$367,294</u>	<u>\$28,042,054</u>	<u>\$28,409,348</u>

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

<u>Actual 2004 Disbursements</u>	<u>Encumbrances Outstanding At June 30, 2004</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
\$18,872,874	\$86,715	\$18,959,589	\$1,110,716
2,144,029	81,451	2,225,480	617,332
1,218,066		1,218,066	177,740
306,494	78,326	384,820	76,310
930,694	6,391	937,085	56,651
2,341,568		2,341,568	8,432
1,700		1,700	6,515
1,500		1,500	
223,546	4,297	227,843	58,001
<u>\$26,040,471</u>	<u>\$257,180</u>	<u>\$26,297,651</u>	<u>\$2,111,697</u>

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**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

The Bellefontaine City School District (the "District") is organized under Section 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 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 citizens of the District.

The 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 District is the 176 largest in the state of Ohio (among 613 school districts) in terms of enrollment. It currently operates four elementary schools, one middle school and one comprehensive high school. The District is staffed by 122 non-certificated employees, 224 certificated employees to provide services to approximately 2,807 students and other community members.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the 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 District, this includes general operations, food service and student related activities of the District.

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

The District is associated with three significant types of organizations including three jointly governed organizations, one joint venture, and one insurance purchasing pool. These organizations include the Ohio Hi-Point Career Center, West Central Ohio Special Education Regional Resource Center, the Logan County Education Foundation, the Joint Recreation District (Blue Jacket Park) and the Sheakley Group Worker's Compensation Group Rating Plan.

These organizations are presented in Notes 9, 10, and 11 to the general purpose financial statements.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report with generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principals. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted for school districts by the Auditor of State.

**B. Fund Accounting**

The District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**1. Governmental Fund Types:**

**General Fund**

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**Special Revenue Funds**

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

**Debt Service Funds**

The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Projects Funds**

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

**2. Proprietary Fund Type:**

**Enterprise Funds**

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

**Internal Service Funds**

The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

**3. Fiduciary Fund Types:**

Fiduciary Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust, non-expendable trust, and agency funds.

**C. Budgetary Process**

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

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

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Tax Budget:**

With the passage of House Bill #129 (spring 2001), a county budget commission may waive the submission of a subdivision's annual tax budget. On December 7, 2003, the Logan County Budget Commission adopted a resolution waiving the requirement for the adoption of a tax budget for fiscal year 2004 for all school districts within Logan County. In lieu of a full tax budget, the Commission will require the school districts to submit a copy of the five-year forecast and the form entitled "Voted and Unvoted Debt Outside 10 Mill Limit". The waiver of the tax budget does not change any other financial reporting requirements.

**2. Estimated Resources:**

The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1 this certificate is amended to include any unencumbered balances from the preceding fiscal year. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 2003 unencumbered fund balances. However, those fund balances are available for appropriations.

**3. Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**4. Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. 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 appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**5. Compliance**

The District had several negative cash fund balances which violated Ohio Rev. Code Section 5705.10, and the District did not amend its certificate of estimated resources as required by Ohio Rev. Code Section 5705.36.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including enterprise funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records.

Investments are stated at cost which approximates market value. Investment earnings are allocated as authorized by State statute based upon District policy.

**E. Unpaid Vacation and Sick Leave**

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

**F. Property, Plant and Equipment**

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

**G. Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets**

**H. Interfund Transactions**

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

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

**I. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. DEPOSITS AND INVESTMENTS**

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

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

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**3. DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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

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

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**3. DEPOSITS AND INVESTMENTS (Continued)**

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

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

As of June 30, 2004, the District had \$175 in undeposited cash on hand which is included in the fund balance.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**Deposits:** At June 30, 2004, the carrying amount of the District's deposits was \$2,585,162 and the bank balance was \$2,640,517. Of the bank balance, \$500,000 was covered by federal depository insurance and \$2,140,517 was covered by pooled collateral.

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

The District's investment in Star Ohio, which is the State Treasurer's Investment Pool, is not categorized because it is not evidenced by securities that exist in physical or book entry form. The investment pool pro rates based on invested balances.

<b>Investments</b>	<b>Category 1</b>	<b>Category 3</b>	<b>Cost Value</b>	<b>Fair Value</b>
Repurchase Agreement		\$2,588,966	\$2,588,966	\$2,588,966
Liquid Asset Management		1,268,914	1,268,914	1,271,504
Money Market Account	10,111		10,111	10,111
Total Investments Categorized	<u>\$10,111</u>	<u>\$3,857,880</u>	<u>\$3,867,991</u>	
STAR Ohio			206,598	206,598
Total All Investments			<u>\$4,074,589</u>	<u>\$4,077,179</u>

**4. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June.

First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**4. PROPERTY TAXES (Continued)**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. 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 January 20 with the remainder payable by July 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The 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, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end.

The amount available as an advance at June 30, 2004 was \$537,859 in the general fund, \$90,944 in the debt service fund, and \$19,452 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	<b>2003 Second Half Collections</b>		<b>2004 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$210,223,170	78.21 %	\$216,032,610	79.71 %
Public Utility Personal	10,421,720	3.88	9,825,290	3.62
Tangible Personal Property	48,147,500	17.91	45,175,540	16.67
<b>Total</b>	<b>\$268,792,390</b>	<b>100.00 %</b>	<b>\$271,033,440</b>	<b>100.00 %</b>
Tax rate per \$1,000 of assessed valuation	\$49.53		\$49.53	

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**5. DEBT OBLIGATIONS**

All current obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in 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.

A. The following is a description of the District's bonds outstanding as of June 30, 2004:

**1. 1993 Advanced Refunding Bond Issue \$4,923,935**

In December 1993, the District issued \$4,923,935 bonds for the purpose of advance refunding bonds titled "Bellefontaine City School District, Logan County, Ohio General Obligation Bonds", dated March 1, 1990, in the original principal amount of \$5,300,000, issued for the purpose of renovating the middle school, furnishing and equipping the same and improving the site thereof, and removing asbestos at various buildings. The bonds were issued for an eighteen year period with final maturity at December 1, 2011. The bond issue consisted of \$4,000,000 of Current Interest Serial Bonds with interest rates ranging from 2.65 to 4.40% and \$923,935 of Capital Appreciation Serial Bonds with stated interest rates ranging from 10.3 to 10.4% (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% to 5.6%. The bonds will be retired from the debt service fund.

The Current Interest Serial Bonds will bear interest, payable on June 1 and December 1 of each year, beginning June 1, 1994 until maturity or earlier redemption.

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 will mature in fiscal years 2005 to 2011. The maturity amount of the bonds is \$3,900,000.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Bonds Outstanding 07/01/03</u>	<u>Retired in 2004</u>	<u>Bonds Outstanding 06/30/04</u>
Facilities Serial Bond	4.87%	11/93	12/11	\$470,000	\$470,000	\$0
Capital Appreciation Bond	Various	11/93	12/4- 12/11	923,935	0	923,935
<b>Total Bond Issue</b>				<u>\$1,393,935</u>	<u>\$470,000</u>	<u>\$923,935</u>

**2. 1999 School Facilities Construction and Improvement Bonds**

On June 15, 1999, the District issued \$9,070,000 in voted general obligation bonds for additions and renovations to the High School. The bond issue consists of \$5,215,000 in serial bonds and \$3,855,000 in term bonds. The serial bonds have interest rates from 3.75% to 5.75% and yield rates from 3.75% to 5.3%. The serial bonds mature each year beginning in 2000 and ending 2019. The term bonds have a 5.5% interest rate with final maturity on December 1, 2026. Bonds maturing after December 1, 2009 are subject to redemption at the option of the District at the redemption prices equal to the following percentages of the principal amount redeemed plus accrued interest to the date of redemption.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**5. DEBT OBLIGATIONS (Continued)**

<u>Redemption Period</u>	<u>Redemption Price</u>
December 1, 2009 through November 30, 2010	101%
December 1, 2010 and thereafter	100%

The term bonds maturing on December 1, 2019\* are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2014	\$ 335,000
2015	350,000
2016	370,000
2017	390,000
2018	415,000

The remaining principal amount of such Bonds (\$435,000\*) will mature at stated maturity on December 1, 2019\*.

The term bonds maturing on December 1, 2026\* are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2019	\$460,000
2020	485,000
2021	510,000
2022	535,000
2023	560,000
2024	590,000

The remaining principal amount of such Bonds (\$620,000\*) will mature at stated maturity on December 1, 2026\*. Principal amounts above indicated with (\*) are preliminary amounts and are subject to change.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Bonds Outstanding 07/01/03</u>	<u>Issues in 2004</u>	<u>Retired in 2004</u>	<u>Bonds Outstanding 6/30/04</u>
Facilities	5.35%	06/99	12/26	\$8,885,000	\$0	\$145,000	\$8,740,000

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**5. DEBT OBLIGATIONS (Continued)**

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

<u>Year(s) Ending June 30</u>	<u>Principal on General Obligation Bonds</u>	<u>Interest on General Obligation Bonds</u>	<u>Total</u>
2005	\$310,049	\$803,001	\$1,113,050
2006	334,619	810,686	1,145,305
2007	332,007	819,228	1,151,235
2008	341,870	814,265	1,156,135
2009	346,361	813,555	1,159,916
2010-2014	1,669,029	3,165,256	4,834,285
2015-2019	1,945,000	1,512,794	3,457,794
2020-2024	2,555,000	860,450	3,415,450
2025-2027	1,830,000	154,825	1,984,825
Total	<u>\$9,663,935</u>	<u>\$9,754,060</u>	<u>\$19,417,995</u>

C. The following is a description of the District's long-term note transactions for the year ended June 30, 2004:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Notes Outstanding 07/01/03</u>	<u>Issues in 2004</u>	<u>Retired in 2004</u>	<u>Notes Outstanding 6/30/04</u>
Energy Conservation	4.90%	12/95	12/05	\$255,000	\$0	\$80,000	\$175,000

D. The following is a summary of the District's future annual debt service requirements to maturity for House Bill 264 energy conservation notes:

<u>Year Ending June 30</u>	<u>Principal on Energy Conservation Notes</u>	<u>Interest on Energy Conservation Notes</u>	<u>Total</u>
2005	85,000	6,493	91,493
2006	90,000	2,205	92,205
Total	<u>\$175,000</u>	<u>\$8,698</u>	<u>\$183,698</u>

**6. RISK MANAGEMENT**

**A. Public Liability**

The 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 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.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**B. Health Care Benefits**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The 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 District purchases commercial insurance for claims in excess of coverage provided by this Fund and for other risks of loss including annual aggregate stop loss coverage for annual claims paid. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

**C. Workers' Compensation**

The District participates in the Sheakley Group Workers' Compensation Group Rating Plan (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 Sheakley Group provides administrative, cost control, and actuarial services to the Plan.

**D. Self Insurance**

The 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>2004</u>	<u>2003</u>
Cash	\$585,442	\$617,156
Estimated Liabilities	\$396,902	\$339,545

Estimated liabilities are based on a calculation of fiscal year paid claims multiplied times a computation factor.

**7. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement System. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to State Teachers Retirement System, 275 East Broad Street, Columbus, OH 43215-3371.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or an allowance based on member contributions and earned interest matched by STRS funds multiplied by an actuarially determined annuity factor. The DCP allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The CP offers features of both the DBP and the DCP. In the CP, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DBP. DCP and CP members will transfer to the DBP during their fifth year of membership unless they permanently select the DCP or CP. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DBP into the DCP or CP. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP 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.

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The District's required contributions for pension obligations to the DBP for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,405,727, \$1,312,194, and \$912,041 respectively; 100 percent has been contributed for fiscal year 2004, 2003 and 2002. Contributions to the DCP and CP for fiscal year ended June 30, 2004, were \$13,608 made by the District and \$23,995 made by the plan members.

**B. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

For the fiscal year ended June 30, 2004, plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The rate for fiscal year 2004 was 14 percent of annual covered payroll; 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$248,554, \$203,832 and \$133,787, respectively.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2004, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**8. POST RETIREMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount was \$108,133.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.1 billion at June 30, 2004. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000, and STRS had 111,853 eligible benefit recipients.

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

At June 30, 2004, the employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. For the District, the amount to fund health care benefits, including surcharge, was \$173,246 during the 2004 fiscal year.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**8. POST RETIREMENT BENEFITS (Continued)**

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004, were \$223,443,805, and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

**9. 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. West Central Ohio Special Education Regional Resource Center**

The West Central Ohio Special Education Regional Resource Center (SERRC) 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 SERRC is governed by a board of 52 members made up of the 50 superintendents of the participating 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 Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1211 West Lima Street, Kenton, Ohio 43326.

**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 Adelsberger, who serves as Financial Advisor, 2626 County Road 18, Bellefontaine, Ohio 43311.

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**10. JOINT VENTURES**

The Joint Recreation 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 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, Tim Decker, who serves as Auditor, at 135 North Detroit Street, Bellefontaine, Ohio 43311.

**11. GROUP INSURANCE PURCHASING POOL**

**The Sheakley Group Workers' Compensation Group Rating Plan**

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

**12. STATUTORY RESERVES**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Senate Bill 345 eliminated the requirement to set aside additional reserves for budget stabilization. The reserve for budget stabilization balance represents the set aside required for Bureau of Workers' Compensation refunds.

For the fiscal year ended June 30, 2004, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>
Set-Aside Cash Balance as of June 30, 2003	\$212,300	\$(88,691)	\$80,693
Required Set-Aside	413,250	413,250	0
Offsets	0	(247,445)	
Qualifying Expenditures	<u>(353,552)</u>	<u>(290,100)</u>	<u>0</u>
Excess Expenditures Available for Carry-over to Subsequent Year	<u>\$271,998</u>	<u>\$(212,986)</u>	<u>\$80,693</u>

**BELLEFONTAINE CISTY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004  
(Continued)**

**13. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2004.

**B. Litigation**

The District became involved in litigation as a defendant for an incident occurring on August 14, 2003. The potential outcome cannot be determined at this time. The District is of the opinion that any current or future claims will either result in a favorable outcome or be significantly covered by current insurance policies, so as not to materially affect the overall financial position of the District.

**C. State School Funding Decision**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2004**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>(Passed through Ohio Department of Education)</i>						
Nutrition Cluster:						
Food Donation		10.550		\$73,018		\$73,018
School Breakfast Program	05-PU 03 05-PU 04	10.553	6,221 37,671		6,221 37,671	
Total School Breakfast program			43,892		43,892	
National School Lunch Program	LL-P4-03 LL-P4 04	10.555	36,213 212,909		36,213 212,909	
Total National School Lunch Program			249,122		249,122	
Total U.S. Department of Agriculture - Nutrition Cluster			293,014	73,018	293,014	73,018
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>(Passed through Ohio Department of Education)</i>						
Title I, Grants to Local Educational Agencies	C1-S1 03 C1-S1 04	84.010	118,872 440,528		95,337 424,368	
Total Title I, Grants to Local Educational Agencies			559,400		519,705	
Special Education Grants to States	6B-SF 03 6B-SF 04	84.027	154,276 197,852		153,398 220,799	
Total Special Education Grants to States			352,128		374,197	
Safe & Drug Free Schools and Communities State Grants	DR-S1 02 DR-S1 03 DR-S1 04	84.186	4,824 6,374 9,063		3,002 6,637 10,111	
Total Safe & Drug Free Schools and Communities State Grants			20,261		19,750	
Goals 2000 - State & Local Education Systemic Improvement Grants	G2-S1 02 G2-S1 03	84.276			11,293 8,036	
Total Goals 2000 Grants - State & Local Education Systemic Improvement Grants					19,329	
Eisenhower Professional Development State Grants ,	MS-S1 02 MS-S1 03	84.281	(1,695)		6,455 8,162	
Total Eisenhower Professional Development State Grants ,			(1,695)		14,617	
Innovative Education Program Strategies	C2-S1 03 C2-S1 04	84.298	9,326 2,959		696 1,960	
Total Innovative Education Program			12,285		2,656	
Education Technology State Grants	TJ-S1 03 TJ-S1 04	84.318	9 21,042		919 17,314	
Total Education State Grants			21,051		18,233	
Improving Teacher Quality State Grants	TR-S1 02 TR-S1 03 TR-S1 04	84.367			11,541 116,915 178,270	
Total Improving Teacher Quality State Grants			265,105		306,726	
School Renovation Grant	AT-S2-02 AT-S3-02	84.352A			1,144 7,104	
Total Assistive Technology Infusion Grants			33,909		50,558	
Total U.S. Department of Education			1,262,444		1,334,019	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>(Passed through Ohio Department of Mental Retardation and Developmental Disabilities)</i>						
Medical Assistance Program (Medicaid: Title XIX)		93.778	94,518		94,518	
<b>Total Federal Assistance</b>			<b>\$1,649,976</b>	<b>\$73,018</b>	<b>\$1,721,551</b>	<b>\$73,018</b>

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

**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2004**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards 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 -- NUTRITION CLUSTER**

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 fair market value of the commodities received.

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

**NOTE C -- 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.

**NOTE D -- TRANSFER OF FUNDS BETWEEN GRANTS**

The negative receipt of \$1,695 in Eisenhower Professional Development State Grants is the result of the elimination of this program and the transfer of this money into the Improving Teacher Quality State Grants.

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## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Education:

We have audited the financial statements of the Bellefontaine City School District, Logan County (the "District"), as of and for the year ended June 30, 2004, and have issued our report thereon dated February 7, 2005, wherein we noted that the District has prepared its financial statements on the basis of accounting previously prescribed by the Auditor of State which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 through 2004-003. We also noted immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated February 7, 2005.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-004.

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**Internal Control Over Financial Reporting  
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the District's management in a separate letter dated February 7, 2005.

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



**Betty Montgomery**  
Auditor of State

February 7, 2005



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of Education:

#### Compliance

We have audited the compliance of Bellefontaine City School District, Logan County, (the "District"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on District's compliance based on our audit.

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

As described in item 2004-005 in the accompanying schedule of findings, the District did not comply with requirements regarding Cash Management that are applicable to its Improving Teacher Quality State Grants (Title II Part A). Compliance with such requirement is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004. We also noted an instance of noncompliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated February 7, 2005.

### **Internal Control Over Compliance**

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

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

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



**Betty Montgomery**  
Auditor of State

February 7, 2005

**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 & .505  
JUNE 30, 2004**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under ' .510?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA #84.010: Title I, Grants to Local Educational Agencies CFDA # 84.367: Improving Teacher Quality State Grants
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2004-001**

**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 Admin. Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

**Ohio Admin. Code Section 117-2-03 (B)** requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the District prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit 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.

To help provide the users with more meaningful financial statements, the District should prepare their financial statements according to generally accepted accounting principles.

**FINDING NUMBER 2004-002**

**Ohio Rev. Code Section 5705.10** states that money that is paid to into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover expenses of another fund. The District had negative cash fund balances throughout the year as follows:

Fund	Date and Fund Balance			
	Sept-03	Dec-03	Mar-04	June-04
Special Revenue Sloan Foundation #0210	(5,068)			
Special Revenue Sloan Foundation #0302	(1,375)			
Special Revenue Sloan Foundation #0310	(4,622)	(4,622)	(8,951)	(8,951)
Special Revenue Sloan Foundation #0430			(79,735)	(84,768)
Special Revenue EMIS	(2,647)	(6,989)	(7,608)	
Special Revenue Title VI-B #0203	(153,905)	(154,276)		
Special Revenue Title VI-B #0304		(9,994)		(22,947)
Special Revenue Title I #0203	(118,872)	(118,899)		
Special Revenue Title I #0304		(8,349)		
Special Revenue Title VI #0203	(9,119)	(9,326)		
Special Revenue Drug Free #0102	(1,822)			
Special Revenue Drug Free #0203	(6,374)	(7,089)		
Special Revenue Title VI-R #0203	(94,782)	(94,782)		
Special Revenue Misc. Grants #0410		(6,375)		
Enterprise Food Service		(68,842)	(44,779)	

The District should implement monitoring procedures to help identify those funds that may develop negative fund balances. Money should then be transferred or advanced into those funds to help prevent negative fund balances.

**FINDING NUMBER 2004-003**

**Ohio Rev. Code Section 5705.36** allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The District did not obtain an amended certificate of estimated resources for the following funds that had available resources less than appropriations.

<b>Fund Number</b>	<b>Fund Name</b>	<b>Actual Resources</b>	<b>Appropriations</b>	<b>Variance</b>
006	Food Service	\$879,467	\$902,721	(\$23,254)
019	Other Grants:	133,375	245,593	(112,218)
460	Reading Intervention:	47,979	62,975	(14,996)
516	Title VI-B:	342,987	536,967	(193,980)
572	Title I:	523,481	771,396	(247,915)
573	Title V:	2,847	27,001	(24,154)
584	Drug Free:	18,702	27,167	(8,465)
590	Title VI-R:	306,881	317,810	(10,929)
599	Other Federal Grants:	44,333	49,391	(5,058)

The District should develop a method of monitoring the differences between the estimated receipts and the actual receipts and adjust the amended certificate accordingly.

**FINDING NUMBER 2004-004**

**Monitoring of Budget Versus Actual Activity and Legal Level of Control**

To effectively manage the financial resources of an entity, the governing body should frequently receive and approve financial reports that reflect budget versus actual revenues and expenditures. During fiscal year 2004, the District's Board only monitored budget versus actual activity for the General Fund.

The Board's ability to monitor its financial objectives and to identify potential violations of budgetary laws is inhibited when they do not receive budget versus actual reports for all funds.

The Treasurer should periodically provide the Board and/or audit committee with budget versus actual reports for all of the District's funds.

**3. FINDINGS FOR FEDERAL AWARDS**

**FINDING NUMBER 2004-005**

<b>Finding Number</b>	2004-005
<b>CFDA Title and Number</b>	Improving Teacher Quality State Grants - CFDA # 84.367
<b>Federal Award Number / Year</b>	TR-S1-04
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Noncompliance**

**Cash Management**

**34 CFR 80.20 (b) (7), 34 CFR 80.21 (b), and 31 CFR 205** state that when funds are advanced, recipients must have procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advance payment procedures are used, recipients must establish similar procedures for subrecipients. The ODE requires that funds are to be expended within the period of time for which they are requested (e.g. funds requested for January should be expended or encumbered during January).

During February 2004, the District recorded 100% of the 2004 Improving Teacher Quality State Grants contracted payroll amounts, salaries and fringe benefits totaling \$137,228, to the Improving Teacher Quality State Grants Fund(Fund 590) in the accounting system. At this point, teachers being paid from this grant had only earned 2/3 of their contract for the grant period. As a result of recording 100% of the contracted wages instead of the actual 2/3 earned, the District overstated its Project Cash Request Form (PCR) by \$45,743. This resulted in a negative grant balance being reported on the PCR and the District subsequently was able to receive more funds that it would have been entitled had the actual wages paid been reported on the PCR.

**BELLEFONTAINE CITY SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF PRIOR FINDINGS  
JUNE 30, 2004**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2003-001	ORC Sec. 117.38 & OAC Sec. 117-2-03 (B) - Reporting on the cash-basis rather than the GAAP basis	No	Repeated as Finding 2004-001
2003-002	ORC Sec. 5705.10 - Negative cash fund balances	No	Repeated as Finding 2004-002
2003-003	ORC Sec. 5705.41(D) - Not properly certifying the availability of funds	Yes	
2003-004	Monitoring budget versus actual information	No	Repeated as Finding 2004-004





**Auditor of State  
Betty Montgomery**

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**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  
MARCH 29, 2005**