

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Bellaire City School District  
Belmont County  
340 34th Street  
Bellaire, Ohio 43906

To Members of the Board:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 1999, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink that reads "Jim Petro".

**Jim Petro**  
Auditor of State

December 6, 1999



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**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**AS OF JUNE 30, 1999**

|  | Governmental Fund Types |                    |                  |                     |
|--|-------------------------|--------------------|------------------|---------------------|
|  | General                 | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects |
| <b>Assets and Other Debits</b>                                       |                         |                    |                  |                     |
| <b>Assets:</b>   |                         |                    |                  |                     |
| Equity in Pooled Cash and Cash Equivalents                           | \$700,587               | \$705,472          | \$181,131        | \$5,147,539         |
| Investments  |                         |                    |                  |                     |
| Investments  | 3,181                   |                    |                  |                     |
| Receivables:   |                         |                    |                  |                     |
| Taxes  | 2,162,109               | 45,997             | 352,352          | 264,835             |
| Accounts   | 4,228                   |                    |                  |                     |
| Intergovernmental  | 117,008                 | 117,682            |                  |                     |
| Accrued Interest   | 101                     | 5,534              |                  |                     |
| Prepaid Items  | 23,720                  | 1,830              |                  | 2,179               |
| Inventory Held for Resale  |                         |                    |                  |                     |
| Materials and Supplies Inventory                                     | 71,299                  |                    |                  |                     |
| Restricted Assets:   |                         |                    |                  |                     |
| Equity in Pooled Cash and Cash Equivalents                           | 58,751                  |                    |                  |                     |
| Investments:   |                         |                    |                  |                     |
| Investments  | 60,163                  |                    |                  |                     |
| Fixed Assets (Net, where applicable,<br>of Accumulated Depreciation) |                         |                    |                  |                     |
| <b>Other Debits:</b>   |                         |                    |                  |                     |
| Amount in Debt Service Fund for<br>Retirement of Long-Term Debt      |                         |                    |                  |                     |
| Amount to be Provided from<br>General Government Resources           |                         |                    |                  |                     |
| <b>Total Assets and Other Debits</b>                                 | <b>\$3,201,147</b>      | <b>\$876,515</b>   | <b>\$513,483</b> | <b>\$5,414,353</b>  |

| Proprietary<br>Fund Types |                     | Fiduciary<br>Fund Type | Account Groups             |                                     | Total<br>(Memorandum<br>Only) |
|---------------------------|---------------------|------------------------|----------------------------|-------------------------------------|-------------------------------|
| Enterprise                | Internal<br>Service | Trust and<br>Agency    | General<br>Fixed<br>Assets | General<br>Long-Term<br>Obligations |                               |
| \$39,374                  | \$67,060            | \$30,435               | \$0                        | \$0                                 | \$6,851,598                   |
|                           |                     | 8,500                  |                            |                                     | 11,681                        |
|                           |                     |                        |                            |                                     | 2,825,093                     |
| 491                       |                     |                        |                            |                                     | 4,719                         |
| 255                       |                     |                        |                            |                                     | 234,945                       |
|                           |                     | 43                     |                            |                                     | 5,678                         |
| 725                       |                     |                        |                            |                                     | 28,454                        |
| 11,748                    |                     |                        |                            |                                     | 11,748                        |
| 8,754                     |                     |                        |                            |                                     | 78,053                        |
|                           |                     |                        |                            |                                     | 58,751                        |
|                           |                     |                        |                            |                                     | 60,163                        |
| 47,875                    |                     |                        | 10,914,883                 |                                     | 10,962,758                    |
|                           |                     |                        |                            | 167,360                             | 167,360                       |
|                           |                     |                        |                            | 1,637,005                           | 1,637,005                     |
| <u>\$107,222</u>          | <u>\$67,060</u>     | <u>\$38,978</u>        | <u>\$10,914,883</u>        | <u>\$1,804,365</u>                  | <u>\$22,938,006</u>           |

(Continued)

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 1999  
(Continued)

|   | Governmental Fund Types |                    |                  |                     |
|---|-------------------------|--------------------|------------------|---------------------|
|   | General                 | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects |
| <b>Liabilities, Fund Equity and Other Credits:</b>          |                         |                    |                  |                     |
| <b>Liabilities:</b>   |                         |                    |                  |                     |
| Accounts Payable  | \$30,494                | \$79,742           | \$0              | \$8,011             |
| Accrued Wages and Benefits Payable                          | 973,596                 | 170,617            |                  |                     |
| Compensated Absences Payable                                | 25,475                  | 543                |                  |                     |
| Intergovernmental Payable                                   | 178,568                 | 28,360             |                  | 2                   |
| Deferred Revenue  | 2,246,449               | 45,184             | 346,123          | 260,439             |
| Due to Students   |                         |                    |                  |                     |
| Accrued Interest Payable                                    |                         |                    |                  | 60,592              |
| Notes Payable   |                         |                    |                  | 4,038,000           |
| Claims Payable  |                         |                    |                  |                     |
| Capital Leases Payable                                      |                         |                    |                  |                     |
| COLA Payable  |                         |                    |                  |                     |
| <b>Total Liabilities</b>                                    | <b>3,454,582</b>        | <b>324,446</b>     | <b>346,123</b>   | <b>4,367,044</b>    |
| <b>Fund Equity and Other Credits:</b>                       |                         |                    |                  |                     |
| <b>Investments in General</b>                               |                         |                    |                  |                     |
| <b>Fixed Assets</b>   |                         |                    |                  |                     |
| <b>Contributed Capital</b>                                  |                         |                    |                  |                     |
| <b>Retained Earnings:</b>                                   |                         |                    |                  |                     |
| <b>Unreserved (Deficit)</b>                                 |                         |                    |                  |                     |
| <b>Fund Balances:</b>                                       |                         |                    |                  |                     |
| Reserved for Encumbrances                                   | 209,120                 | 107,302            |                  | 1,624,252           |
| Reserved for Contributions                                  |                         |                    |                  |                     |
| Reserved for Inventory                                      | 71,299                  |                    |                  |                     |
| Reserved for COLA   | 98,273                  |                    |                  |                     |
| Reserved for Bus Purchases                                  | 58,751                  |                    |                  |                     |
| Reserved for Property Taxes                                 | 32,668                  | 813                | 6,229            | 4,196               |
| Reserved for Budget Stabilization                           | 60,163                  |                    |                  |                     |
| Unreserved,<br>Designated                                   | 3,181                   |                    |                  |                     |
| Undesignated (Deficits)                                     | (786,890)               | 443,954            | 161,131          | (581,139)           |
| <b>Total Fund Equity (Deficits) and<br/>Other Credits</b>   | <b>(253,435)</b>        | <b>552,069</b>     | <b>167,360</b>   | <b>1,047,309</b>    |
| <b>Total Liabilities, Fund Equity and<br/>Other Credits</b> | <b>\$3,201,147</b>      | <b>\$876,515</b>   | <b>\$513,483</b> | <b>\$5,414,353</b>  |

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



| Proprietary Fund Types |                  | Fiduciary Fund Type | Account Groups       |                               |           | Total (Memorandum Only) |
|------------------------|------------------|---------------------|----------------------|-------------------------------|-----------|-------------------------|
| Enterprise             | Internal Service | Trust and Agency    | General Fixed Assets | General Long-Term Obligations |           |                         |
| \$768                  | \$0              | \$0                 | \$0                  | \$0                           |           | \$119,015               |
| 36,448                 |                  |                     |                      |                               |           | 1,180,661               |
| 16,984                 |                  |                     |                      | 1,486,029                     |           | 1,529,031               |
| 16,272                 |                  |                     |                      | 59,229                        |           | 282,431                 |
| 8,334                  |                  |                     |                      |                               |           | 2,906,529               |
|                        |                  | 29,646              |                      |                               |           | 29,646                  |
|                        |                  |                     |                      |                               |           | 60,592                  |
|                        | 11,824           |                     |                      |                               |           | 4,038,000               |
|                        |                  |                     |                      |                               |           | 11,824                  |
|                        |                  |                     |                      | 100,233                       |           | 100,233                 |
|                        |                  |                     |                      | 158,874                       |           | 158,874                 |
| 78,806                 | 11,824           | 29,646              |                      |                               | 1,804,365 | 10,416,836              |
|                        |                  |                     | 10,914,883           |                               |           | 10,914,883              |
| 76,845                 |                  |                     |                      |                               |           | 76,845                  |
| (48,429)               | 55,236           |                     |                      |                               |           | 6,807                   |
|                        |                  |                     |                      |                               |           | 1,940,674               |
|                        |                  | 5,000               |                      |                               |           | 5,000                   |
|                        |                  |                     |                      |                               |           | 71,299                  |
|                        |                  |                     |                      |                               |           | 98,273                  |
|                        |                  |                     |                      |                               |           | 58,751                  |
|                        |                  |                     |                      |                               |           | 43,906                  |
|                        |                  |                     |                      |                               |           | 60,163                  |
|                        |                  |                     |                      |                               |           | 3,181                   |
|                        |                  | 4,332               |                      |                               |           | (758,612)               |
| 28,416                 | 55,236           | 9,332               | 10,914,883           | 0                             |           | 12,521,170              |
| \$107,222              | \$67,060         | \$38,978            | \$10,914,883         | \$1,804,365                   |           | \$22,938,006            |

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND EQUITY - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|  | Governmental Fund Types |                    |                  |                     | Fiduciary<br>Fund Type | Totals<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|------------------|---------------------|------------------------|--------------------------------|
|  | General                 | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Expendable<br>Trust    |                                |
| <b>Revenues:</b>   |                         |                    |                  |                     |                        |                                |
| Taxes  | \$1,555,885             | \$19,919           | \$152,578        | \$275,680           | \$0                    | \$2,004,062                    |
| Intergovernmental  | 7,114,437               | 1,575,560          | 18,224           | 1,998,348           |                        | 10,706,569                     |
| Interest   | 103,093                 | 6,617              |                  | 77,359              | 36                     | 187,105                        |
| Tuition and Fees   | 140,907                 | 53,266             |                  |                     |                        | 194,173                        |
| Rent   | 1,050                   |                    |                  |                     |                        | 1,050                          |
| Extracurricular Activities   |                         | 204,180            |                  |                     |                        | 204,180                        |
| Gifts and Donations  |                         |                    |                  |                     | 160                    | 160                            |
| Customer Services  |                         | 87,722             |                  |                     |                        | 87,722                         |
| Miscellaneous  | 31,251                  | 1,346              |                  | 300                 |                        | 32,897                         |
| <b>Total Revenues</b>  | <b>8,946,623</b>        | <b>1,948,610</b>   | <b>170,802</b>   | <b>2,351,687</b>    | <b>196</b>             | <b>13,417,918</b>              |
| <b>Expenditures:</b>   |                         |                    |                  |                     |                        |                                |
| Current:   |                         |                    |                  |                     |                        |                                |
| Instruction:   |                         |                    |                  |                     |                        |                                |
| Regular  | 4,344,473               | 381,264            |                  |                     | 250                    | 4,725,987                      |
| Special  | 1,028,766               | 473,465            |                  |                     |                        | 1,502,231                      |
| Vocational   | 169,760                 |                    |                  |                     |                        | 169,760                        |
| Adult/Continuing   |                         | 5,012              |                  |                     |                        | 5,012                          |
| Other  | 328,980                 |                    |                  |                     |                        | 328,980                        |
| Support Services:  |                         |                    |                  |                     |                        |                                |
| Pupils   | 302,177                 | 435,656            |                  | 176,457             |                        | 914,290                        |
| Instructional Staff  | 59,683                  | 48,058             |                  |                     |                        | 107,741                        |
| Board of Education   | 16,402                  |                    |                  |                     |                        | 16,402                         |
| Administration   | 869,355                 | 155,578            |                  |                     |                        | 1,024,933                      |
| Fiscal   | 190,650                 | 9,487              | 3,442            | 9,127               |                        | 212,706                        |
| Business   | 786                     |                    |                  |                     |                        | 786                            |
| Operation and Maintenance of Plant   | 898,125                 | 4,224              |                  | 605                 |                        | 902,954                        |
| Pupil Transportation   | 567,030                 | 29,738             |                  | 174,558             |                        | 771,326                        |
| Central  |                         | 323                |                  |                     |                        | 323                            |
| Non-Instructional Services   |                         |                    |                  |                     |                        |                                |
| Extracurricular Activities   | 145,792                 | 106,138            |                  |                     |                        | 251,930                        |
| Capital Outlay   |                         | 7,613              |                  | 1,201,134           |                        | 1,208,747                      |
| Debt Service   |                         |                    |                  |                     |                        |                                |
| Debt Service - Principal   |                         |                    |                  | 33,298              |                        | 33,298                         |
| Debt Service - Interest  |                         |                    |                  | 69,718              |                        | 69,718                         |
| <b>Total Expenditures</b>  | <b>8,921,979</b>        | <b>1,926,408</b>   | <b>3,442</b>     | <b>1,664,897</b>    | <b>250</b>             | <b>12,516,976</b>              |
| Excess of Revenue Over<br>(Under) Expenditures   | 24,644                  | 22,202             | 167,360          | 686,790             | (54)                   | 900,942                        |
| <b>Other Financing Sources (Uses):</b>   |                         |                    |                  |                     |                        |                                |
| Operating Transfers In   |                         | 37,178             |                  |                     |                        | 37,178                         |
| Operating Transfers Out  | (37,178)                |                    |                  |                     |                        | (37,178)                       |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(37,178)</b>         | <b>37,178</b>      | <b>0</b>         | <b>0</b>            | <b>0</b>               | <b>0</b>                       |
| Excess of Revenue and Other<br>Financing Sources Over (Under)<br>Expenditures and Other Financing Uses | (12,534)                | 59,380             | 167,360          | 686,790             | (54)                   | 900,942                        |
| Fund Balances (Deficit) at<br>Beginning of Year  | (232,876)               | 492,689            |                  | 360,519             | 4,014                  | 624,346                        |
| Decrease in Reserve for Inventory  | (8,025)                 |                    |                  |                     |                        | (8,025)                        |
| <b>Fund Balances (Deficit) at End of Year</b>  | <b>(\$253,435)</b>      | <b>\$552,069</b>   | <b>\$167,360</b> | <b>\$1,047,309</b>  | <b>\$3,960</b>         | <b>\$1,517,263</b>             |

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|  | General Fund     |                  |                                  | Special Revenue Funds |                  |                                  |
|--|------------------|------------------|----------------------------------|-----------------------|------------------|----------------------------------|
|  | Revised Budget   | Actual           | Variance Favorable (Unfavorable) | Revised Budget        | Actual           | Variance Favorable (Unfavorable) |
| <b>Revenues:</b>   |                  |                  |                                  |                       |                  |                                  |
| Taxes  | \$1,620,261      | \$1,620,261      | \$0                              | \$19,106              | \$19,106         | \$0                              |
| Intergovernmental  | 7,121,442        | 7,121,442        | 0                                | 1,572,497             | 1,572,497        | 0                                |
| Interest   | 103,182          | 103,122          | (60)                             | 1,253                 | 1,351            | 98                               |
| Tuition and Fees   | 141,468          | 141,468          | 0                                | 53,266                | 53,266           | 0                                |
| Rent   | 1,050            | 1,050            | 0                                |                       |                  |                                  |
| Extracurricular Activities   |                  |                  |                                  | 204,180               | 204,180          | 0                                |
| Gifts and Donations  |                  |                  |                                  |                       |                  |                                  |
| Customer Services  |                  |                  |                                  | 87,722                | 87,722           | 0                                |
| Miscellaneous  | 27,329           | 27,329           | 0                                | 1,346                 | 1,346            | 0                                |
| <b>Total Revenues</b>  | <b>9,014,732</b> | <b>9,014,672</b> | <b>(60)</b>                      | <b>1,939,370</b>      | <b>1,939,468</b> | <b>98</b>                        |
| <b>Expenditures:</b>   |                  |                  |                                  |                       |                  |                                  |
| Current:   |                  |                  |                                  |                       |                  |                                  |
| Instruction:   |                  |                  |                                  |                       |                  |                                  |
| Regular  | 4,320,861        | 4,320,861        | 0                                | 391,160               | 391,160          | 0                                |
| Special  | 1,025,657        | 1,025,657        | 0                                | 476,200               | 476,200          | 0                                |
| Vocational   | 163,660          | 163,660          | 0                                |                       |                  |                                  |
| Adult/Continuing   |                  |                  |                                  | 5,012                 | 5,012            | 0                                |
| Other  | 452,322          | 452,322          | 0                                |                       |                  |                                  |
| Support Services:  |                  |                  |                                  |                       |                  |                                  |
| Pupils   | 302,979          | 302,979          | 0                                | 447,536               | 447,536          | 0                                |
| Instructional Staff  | 59,020           | 59,020           | 0                                | 47,684                | 47,684           | 0                                |
| Board of Education   | 16,621           | 16,621           | 0                                |                       |                  |                                  |
| Administration   | 855,250          | 855,250          | 0                                | 155,302               | 155,302          | 0                                |
| Fiscal   | 190,131          | 190,131          | 0                                | 9,481                 | 9,481            | 0                                |
| Operation and Maintenance of Plant   | 950,063          | 950,063          | 0                                | 4,224                 | 4,224            | 0                                |
| Pupil Transportation   | 592,938          | 592,938          | 0                                | 29,676                | 29,676           | 0                                |
| Central  |                  |                  |                                  | 223                   | 223              | 0                                |
| Non-Instructional Services   |                  |                  |                                  | 330,670               | 330,670          | 0                                |
| Extracurricular Activities   | 147,114          | 147,114          | 0                                | 151,005               | 151,005          | 0                                |
| Capital Outlay   |                  |                  |                                  | 7,613                 | 7,613            | 0                                |
| <b>Total Expenditures</b>  | <b>9,076,616</b> | <b>9,076,616</b> | <b>0</b>                         | <b>2,055,786</b>      | <b>2,055,786</b> | <b>0</b>                         |
| Excess of Revenue Over (Under) Expenditures  | (61,884)         | (61,944)         | (60)                             | (116,416)             | (116,318)        | 98                               |
| <b>Other Financing Sources (Uses):</b>   |                  |                  |                                  |                       |                  |                                  |
| Proceeds from Sale of Long-Term Notes  |                  |                  |                                  |                       |                  |                                  |
| Operating Transfers In   |                  |                  |                                  | 37,178                | 37,178           | 0                                |
| Operating Transfers Out  | (37,178)         | (37,178)         | 0                                |                       |                  |                                  |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(37,178)</b>  | <b>(37,178)</b>  | <b>0</b>                         | <b>37,178</b>         | <b>37,178</b>    | <b>0</b>                         |
| Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (99,062)         | (99,122)         | (60)                             | (79,238)              | (79,140)         | 98                               |
| Fund Balances at Beginning of Year   | 461,954          | 461,954          | 0                                | 512,214               | 512,214          | 0                                |
| Prior Year Encumbrances Appropriated   | 198,902          | 198,902          | 0                                | 81,926                | 81,926           | 0                                |
| <b>Fund Balances at End of Year</b>  | <b>\$561,794</b> | <b>\$561,734</b> | <b>(\$60)</b>                    | <b>\$514,902</b>      | <b>\$515,000</b> | <b>\$98</b>                      |

(Continued)

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | Debt Service Funds |                  |                                  | Capital Projects Funds |                    |                                  |
|---|--------------------|------------------|----------------------------------|------------------------|--------------------|----------------------------------|
|   | Revised Budget     | Actual           | Variance Favorable (Unfavorable) | Revised Budget         | Actual             | Variance Favorable (Unfavorable) |
| <b>Revenues:</b>  |                    |                  |                                  |                        |                    |                                  |
| Taxes   | \$146,349          | \$146,349        | \$0                              | \$292,657              | \$292,657          | \$0                              |
| Intergovernmental   | 18,224             | 18,224           | 0                                | 1,998,348              | 1,998,348          | 0                                |
| Interest  |                    |                  |                                  | 76,935                 | 77,359             | 424                              |
| Tuition and Fees  |                    |                  |                                  |                        |                    |                                  |
| Rent  |                    |                  |                                  |                        |                    |                                  |
| Extracurricular Activities  |                    |                  |                                  |                        |                    |                                  |
| Gifts and Donations   |                    |                  |                                  |                        |                    |                                  |
| Customer Services   |                    |                  |                                  |                        |                    |                                  |
| Miscellaneous   |                    |                  |                                  | 300                    | 300                | 0                                |
| <b>Total Revenues</b>   | <b>164,573</b>     | <b>164,573</b>   | <b>0</b>                         | <b>2,368,240</b>       | <b>2,368,664</b>   | <b>424</b>                       |
| <b>Expenditures:</b>  |                    |                  |                                  |                        |                    |                                  |
| <b>Current:</b>   |                    |                  |                                  |                        |                    |                                  |
| <b>Instruction:</b>   |                    |                  |                                  |                        |                    |                                  |
| Regular   |                    |                  |                                  |                        |                    |                                  |
| Special   |                    |                  |                                  |                        |                    |                                  |
| Vocational  |                    |                  |                                  |                        |                    |                                  |
| Adult/Continuing  |                    |                  |                                  |                        |                    |                                  |
| Other   |                    |                  |                                  |                        |                    |                                  |
| <b>Support Services:</b>  |                    |                  |                                  |                        |                    |                                  |
| Pupils  |                    |                  |                                  | 181,129                | 181,129            | 0                                |
| Instructional Staff   |                    |                  |                                  |                        |                    |                                  |
| Board of Education  |                    |                  |                                  |                        |                    |                                  |
| Administration  |                    |                  |                                  |                        |                    |                                  |
| Fiscal  | 3,442              | 3,442            | 0                                | 9,127                  | 9,127              | 0                                |
| Operation and Maintenance of Plant  |                    |                  |                                  | 5,129                  | 5,129              | 0                                |
| Pupil Transportation  |                    |                  |                                  | 194,838                | 194,838            | 0                                |
| Central   |                    |                  |                                  |                        |                    |                                  |
| <b>Non-Instructional Services</b>   |                    |                  |                                  |                        |                    |                                  |
| Extracurricular Activities  |                    |                  |                                  |                        |                    |                                  |
| Capital Outlay  |                    |                  |                                  | 2,849,330              | 2,849,330          | 0                                |
| <b>Total Expenditures</b>   | <b>3,442</b>       | <b>3,442</b>     | <b>0</b>                         | <b>3,239,553</b>       | <b>3,239,553</b>   | <b>0</b>                         |
| <b>Excess of Revenue Over (Under) Expenditures</b>  | <b>161,131</b>     | <b>161,131</b>   | <b>0</b>                         | <b>(871,313)</b>       | <b>(870,889)</b>   | <b>424</b>                       |
| <b>Other Financing Sources (Uses):</b>  |                    |                  |                                  |                        |                    |                                  |
| Proceeds from Sale of Long-Term Notes   |                    |                  |                                  | 4,038,000              | 4,038,000          | 0                                |
| Operating Transfers In  |                    |                  |                                  |                        |                    |                                  |
| Operating Transfers Out   |                    |                  |                                  |                        |                    |                                  |
| <b>Total Other Financing Sources (Uses)</b>   | <b>0</b>           | <b>0</b>         | <b>0</b>                         | <b>4,038,000</b>       | <b>4,038,000</b>   | <b>0</b>                         |
| <b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b> | <b>161,131</b>     | <b>161,131</b>   | <b>0</b>                         | <b>3,166,687</b>       | <b>3,167,111</b>   | <b>424</b>                       |
| <b>Fund Balances at Beginning of Year</b>   |                    |                  |                                  | <b>(421,317)</b>       | <b>(421,317)</b>   | <b>0</b>                         |
| <b>Prior Year Encumbrances Appropriated</b>   |                    |                  |                                  | <b>769,305</b>         | <b>769,305</b>     | <b>0</b>                         |
| <b>Fund Balances at End of Year</b>   | <b>\$161,131</b>   | <b>\$161,131</b> | <b>\$0</b>                       | <b>\$3,514,675</b>     | <b>\$3,515,099</b> | <b>\$424</b>                     |

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

| Expendable Trust Funds |         |                                  | Totals (Memorandum Only) |             |                                  |
|------------------------|---------|----------------------------------|--------------------------|-------------|----------------------------------|
| Revised Budget         | Actual  | Variance Favorable (Unfavorable) | Revised Budget           | Actual      | Variance Favorable (Unfavorable) |
|                        |         |                                  | \$2,078,373              | \$2,078,373 | \$0                              |
|                        |         |                                  | 10,710,511               | 10,710,511  | 0                                |
|                        |         |                                  | 181,370                  | 181,832     | 462                              |
|                        |         |                                  | 194,734                  | 194,734     | 0                                |
|                        |         |                                  | 1,050                    | 1,050       | 0                                |
|                        |         |                                  | 204,180                  | 204,180     | 0                                |
| \$160                  | \$160   | \$0                              | 160                      | 160         | 0                                |
|                        |         |                                  | 87,722                   | 87,722      | 0                                |
|                        |         |                                  | 28,975                   | 28,975      | 0                                |
| 160                    | 160     | 0                                | 13,487,075               | 13,487,537  | 462                              |
| 250                    | 250     | 0                                | 4,712,271                | 4,712,271   | 0                                |
|                        |         |                                  | 1,501,857                | 1,501,857   | 0                                |
|                        |         |                                  | 163,660                  | 163,660     | 0                                |
|                        |         |                                  | 5,012                    | 5,012       | 0                                |
|                        |         |                                  | 452,322                  | 452,322     | 0                                |
|                        |         |                                  | 931,644                  | 931,644     | 0                                |
|                        |         |                                  | 106,704                  | 106,704     | 0                                |
|                        |         |                                  | 16,621                   | 16,621      | 0                                |
|                        |         |                                  | 1,010,552                | 1,010,552   | 0                                |
|                        |         |                                  | 212,181                  | 212,181     | 0                                |
|                        |         |                                  | 959,416                  | 959,416     | 0                                |
|                        |         |                                  | 817,452                  | 817,452     | 0                                |
|                        |         |                                  | 223                      | 223         | 0                                |
|                        |         |                                  | 330,670                  | 330,670     | 0                                |
|                        |         |                                  | 298,119                  | 298,119     | 0                                |
|                        |         |                                  | 2,856,943                | 2,856,943   | 0                                |
| 250                    | 250     | 0                                | 14,375,647               | 14,375,647  | 0                                |
| (90)                   | (90)    | 0                                | (888,572)                | (888,110)   | 462                              |
|                        |         |                                  | 4,038,000                | 4,038,000   | 0                                |
|                        |         |                                  | 37,178                   | 37,178      | 0                                |
|                        |         |                                  | (37,178)                 | (37,178)    | 0                                |
| 0                      | 0       | 0                                | 4,038,000                | 4,038,000   | 0                                |
| (90)                   | (90)    | 0                                | 3,149,428                | 3,149,890   | 462                              |
| 4,007                  | 4,007   | 0                                | 556,858                  | 556,858     | 0                                |
|                        |         |                                  | 1,050,133                | 1,050,133   | 0                                |
| \$3,917                | \$3,917 | \$0                              | \$4,756,419              | \$4,756,881 | \$462                            |

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**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|  | Proprietary Fund Types |                     | Fiduciary                            | Totals<br>(Memorandum<br>Only) |
|--|------------------------|---------------------|--------------------------------------|--------------------------------|
|  | Enterprise             | Internal<br>Service | Fund Type<br>Non-Expendable<br>Trust |                                |
| <b>Operating Revenues:</b>   |                        |                     |                                      |                                |
| Sales  | \$228,465              | \$0                 | \$0                                  | \$228,465                      |
| Charges for Services   |                        | 101,228             |                                      | 101,228                        |
| Interest   |                        |                     | 322                                  | 322                            |
| Refund of Prior Year's Expense   |                        | 581                 |                                      | 581                            |
| <b>Total Operating Revenues</b>  | <b>228,465</b>         | <b>101,809</b>      | <b>322</b>                           | <b>330,596</b>                 |
| <b>Operating Expenses:</b>   |                        |                     |                                      |                                |
| Salaries   | 185,863                |                     |                                      | 185,863                        |
| Fringe Benefits  | 99,901                 |                     |                                      | 99,901                         |
| Purchased Services   | 798                    | 10,408              |                                      | 11,204                         |
| Materials and Supplies   | 30,298                 |                     |                                      | 30,298                         |
| Cost of Sales  | 228,987                |                     |                                      | 228,987                        |
| Depreciation   | 2,710                  |                     |                                      | 2,710                          |
| Claims   |                        | 72,405              |                                      | 72,405                         |
| Other  |                        |                     | 250                                  | 250                            |
| <b>Total Operating Expenses</b>  | <b>548,353</b>         | <b>82,813</b>       | <b>250</b>                           | <b>631,416</b>                 |
| <b>Operating Income/(Loss)</b>   | <b>(319,888)</b>       | <b>18,996</b>       | <b>72</b>                            | <b>(300,820)</b>               |
| <b>Non-Operating Revenues:</b>   |                        |                     |                                      |                                |
| Federal Donated Commodities  | 28,808                 |                     |                                      | 28,808                         |
| Interest   | 182                    |                     |                                      | 182                            |
| Operating Grants   | 286,486                |                     |                                      | 286,486                        |
| <b>Total Non-Operating Revenues</b>                                      | <b>315,476</b>         | <b>0</b>            | <b>0</b>                             | <b>315,476</b>                 |
| <b>Net Income (Loss)</b>   | <b>(4,412)</b>         | <b>18,996</b>       | <b>72</b>                            | <b>14,656</b>                  |
| <b>Retained Earnings/Fund Balance (Deficit)<br/>at Beginning of Year</b> | <b>(44,017)</b>        | <b>36,240</b>       | <b>5,300</b>                         | <b>(2,477)</b>                 |
| <b>Retained Earnings/Fund Balance (Deficit)<br/>at End of Year</b>       | <b>(48,429)</b>        | <b>55,236</b>       | <b>5,372</b>                         | <b>12,179</b>                  |
| <b>Contributed Capital at Beginning of Year</b>                          | <b>70,288</b>          |                     |                                      | <b>70,288</b>                  |
| <b>Capital Contributions During the Year</b>                             | <b>6,557</b>           |                     |                                      | <b>6,557</b>                   |
| <b>Contributed Capital at End of Year</b>                                | <b>76,845</b>          | <b>0</b>            | <b>0</b>                             | <b>76,845</b>                  |
| <b>Total Fund Equity at End of Year</b>                                  | <b>\$28,416</b>        | <b>\$55,236</b>     | <b>\$5,372</b>                       | <b>\$89,024</b>                |

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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | Enterprise        |                 |  | Internal Service  |                 |  |
|---|-------------------|-----------------|--|-------------------|-----------------|--|
|   | Revised<br>Budget | Actual          | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget | Actual          | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>                            |                   |                 |  |                   |                 |  |
| Sales                                       | \$227,726         | \$227,726       | \$0                                    |                   |                 |  |
| Charges for Services                        |                   |                 |  | \$101,228         | \$101,228       | \$0                                    |
| Contributions and Donations                 |                   |                 |  |                   |                 |  |
| Refunds of Prior Year Expense               |                   |                 |  | 581               | 581             | 0                                      |
| <b>Total Revenues</b>                       | <u>227,726</u>    | <u>227,726</u>  | <u>0</u>                               | <u>101,809</u>    | <u>101,809</u>  | <u>0</u>                               |
| <b>Expenses:</b>                            |                   |                 |  |                   |                 |  |
| Salaries                                    | 201,088           | 201,088         | 0                                      |                   |                 |  |
| Fringe Benefits                             | 101,036           | 101,036         | 0                                      | 85,000            | 85,000          | 0                                      |
| Purchased Services                          | 937               | 937             | 0                                      | 10,408            | 10,408          | 0                                      |
| Materials and Supplies                      | 232,186           | 232,186         | 0                                      |                   |                 |  |
| Capital Outlay                              | 4,266             | 4,266           | 0                                      |                   |                 |  |
| Other                                       |                   |                 |  |                   |                 |  |
| <b>Total Expenses</b>                       | <u>539,513</u>    | <u>539,513</u>  | <u>0</u>                               | <u>95,408</u>     | <u>95,408</u>   | <u>0</u>                               |
| Operating income (Loss)                     | (311,787)         | (311,787)       | 0                                      | 6,401             | 6,401           | 0                                      |
| <b>Non-Operating Revenues:</b>              |                   |                 |  |                   |                 |  |
| Interest                                    | 182               | 182             | 0                                      |                   |                 |  |
| Federal and State Subsidies                 | 286,486           | 286,486         | 0                                      |                   |                 |  |
| <b>Total Non-Operating Revenues</b>         | <u>286,668</u>    | <u>286,668</u>  | <u>0</u>                               | <u>0</u>          | <u>0</u>        | <u>0</u>                               |
| Excess of Revenues Over (Under)<br>Expenses | (25,119)          | (25,119)        | 0                                      | 6,401             | 6,401           | 0                                      |
| Total Equity at Beginning of Year           | 63,019            | 63,019          | 0                                      | 55,821            | 55,821          | 0                                      |
| Prior Year Encumbrances Appropriated        | 555               | 555             | 0                                      |                   |                 |  |
| <b>Total Equity at End of Year</b>          | <u>\$38,455</u>   | <u>\$38,455</u> | <u>\$0</u>                             | <u>\$62,222</u>   | <u>\$62,222</u> | <u>\$0</u>                             |

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



| Non-Expendable Trust |         |                                  | Totals (Memorandum Only) |           |                                  |
|----------------------|---------|----------------------------------|--------------------------|-----------|----------------------------------|
| Revised Budget       | Actual  | Variance Favorable (Unfavorable) | Revised Budget           | Actual    | Variance Favorable (Unfavorable) |
|                      |         |                                  | \$227,726                | \$227,726 | \$0                              |
|                      |         |                                  | 101,228                  | 101,228   | 0                                |
| \$324                | \$349   | \$25                             | 324                      | 349       | 25                               |
|                      |         |                                  | 581                      | 581       | 0                                |
| 324                  | 349     | 25                               | 329,859                  | 329,884   | 25                               |
|                      |         |                                  | 201,088                  | 201,088   | 0                                |
|                      |         |                                  | 186,036                  | 186,036   | 0                                |
|                      |         |                                  | 11,345                   | 11,345    | 0                                |
|                      |         |                                  | 232,186                  | 232,186   | 0                                |
|                      |         |                                  | 4,266                    | 4,266     | 0                                |
| 250                  | 250     | 0                                | 250                      | 250       | 0                                |
| 250                  | 250     | 0                                | 635,171                  | 635,171   | 0                                |
| 74                   | 99      | 25                               | (305,312)                | (305,287) | 25                               |
|                      |         |                                  | 182                      | 182       | 0                                |
|                      |         |                                  | 286,486                  | 286,486   | 0                                |
| 0                    | 0       | 0                                | 286,668                  | 286,668   | 0                                |
| 74                   | 99      | 25                               | (18,644)                 | (18,619)  | 25                               |
| 5,273                | 5,273   | 0                                | 124,113                  | 124,113   | 0                                |
|                      |         |                                  | 555                      | 555       | 0                                |
| \$5,347              | \$5,372 | \$25                             | \$106,024                | \$106,049 | \$0                              |

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**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | Proprietary Fund Types |                  | Fiduciary Fund Type  | Totals            |
|---|------------------------|------------------|----------------------|-------------------|
|   | Enterprise             | Internal Service | Non-Expendable Trust | (Memorandum Only) |
| <b>Increase (Decrease) in Cash and Cash Equivalents:</b>                                  |                        |                  |                      |                   |
| <i>Cash Flows from Operating Activities:</i>  |                        |                  |                      |                   |
| Cash Received from Customers  | \$227,726              | \$0              | \$0                  | \$227,726         |
| Cash Received from Quasi-External Transfer w/ Other                                       |                        | 101,809          |                      | 101,809           |
| Cash Payments to Supplies for Goods and Services  | (232,205)              | (10,408)         |                      | (242,613)         |
| Cash Payments for Employee Services   | (201,088)              |                  |                      | (201,088)         |
| Cash Payments for Scholarships  |                        |                  | (250)                | (250)             |
| Cash Payments for Employee Benefits   | (101,036)              |                  |                      | (101,036)         |
| Cash Payments for Claims  |                        | (80,162)         |                      | (80,162)          |
| Net Cash Used for Operating Activities  | (306,603)              | 11,239           | (250)                | (295,614)         |
| <b>Cash Flows from Noncapital Financing Activities:</b>                                   |                        |                  |                      |                   |
| Operating Grants Received   | 286,486                |                  |                      | 286,486           |
| Net Cash Provided by Noncapital Financing Activities                                      | 286,486                | 0                | 0                    | 286,486           |
| <b>Cash Flows from Investing Activities:</b>  |                        |                  |                      |                   |
| Interest on Investments   | 182                    |                  | 321                  | 503               |
| Net Cash Provided from Investing Activities   | 182                    | 0                | 321                  | 503               |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                          |                        |                  |                      |                   |
| Payments for Capital Acquisitions   | (4,266)                |                  |                      | (4,266)           |
| Net Cash Provided Used for Capital and Related Financing Activities                       | (4,266)                | 0                | 0                    | (4,266)           |
| Net Increase/(Decrease) in Cash and Cash Equivalents                                      | (24,201)               | 11,239           | 71                   | (12,891)          |
| Cash and Cash Equivalents Beginning of Year   | 63,575                 | 55,821           | 300                  | 119,696           |
| Cash and Cash Equivalents End of Year   | \$39,374               | \$67,060         | \$371                | \$106,805         |
| <b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>        |                        |                  |                      |                   |
| Operating Income/(Loss)   | (\$319,888)            | \$18,996         | \$72                 | (\$300,820)       |
| <b>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</b> |                        |                  |                      |                   |
| Donated Commodities Used During Year  | 28,808                 |                  |                      | 28,808            |
| Depreciation  | 2,710                  |                  |                      | 2,710             |
| Non-Expendable Trust Fund Interest  |                        |                  | (322)                | (322)             |
| <b>Change in Assets and Liabilities:</b>  |                        |                  |                      |                   |
| Increase in Accounts Receivable   | (484)                  |                  |                      | (484)             |
| Decrease in Inventory Held for Resale   | 2,857                  |                  |                      | 2,857             |
| Increase in Materials and Supply Inventory  | (1,193)                |                  |                      | (1,193)           |
| Increase in Intergovernmental Receivable  | (255)                  |                  |                      | (255)             |
| Increase in Prepaid Items   | (36)                   |                  |                      | (36)              |
| Increase in Accounts Payable  | 512                    |                  |                      | 512               |
| Decrease Accrued Wages Payable  | (2,800)                |                  |                      | (2,800)           |
| Decrease in Compensated Absences Payable  | (13,374)               |                  |                      | (13,374)          |
| Decrease in Intergovernmental Payable   | (359)                  |                  |                      | (359)             |
| Decrease in Claims Payable  |                        | (7,757)          |                      | (7,757)           |
| Decrease in Deferred Revenue  | (3,101)                |                  |                      | (3,101)           |
| Total Adjustments   | 13,285                 | (7,757)          | (322)                | 5,206             |
| Net Cash Used for Operating Activities  | (\$306,603)            | \$11,239         | (\$250)              | (\$295,614)       |
| <b>Reconciliation</b>   |                        |                  |                      |                   |
| Cash and Cash Equivalents - All Fiduciary Funds   | \$30,435               |                  |                      |                   |
| Cash and Cash Equivalents - Agency Funds  | (29,646)               |                  |                      |                   |
| Cash and Cash Equivalents - Expendable Trust Funds  | (418)                  |                  |                      |                   |
| Cash and Cash Equivalents - Non-Expendable Trust Funds                                    | \$371                  |                  |                      |                   |

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

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Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1839 when Jacob Davis Jr. became the first school teacher in Bellaire. The first schoolhouse was also erected in 1839. The current district was originally made up of schools in Bellaire, Key, Pultney and other outlying areas and one-room schools. The final consolidation of the schools was in January 1960 when the Key-Pultney District joined the Bellaire District. The School District encompasses 48 square miles of rolling hills and small communities in Belmont County. The District's most eastern border is the Ohio River. It is staffed by 68 non-certificated employees, 128 certificated full-time teaching personnel and 13 administrative employees who provide services to 1,757 students and other community members. The School District currently operates 6 instructional buildings, 1 administrative building, 1 maintenance building and 1 garage.

*Reporting Entity:*

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Bellaire City 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.

No separate governmental units meet the criteria for inclusion as a component unit.

*The following activities are included within the reporting entity:*

*Parochial Schools* - Within the School District boundaries, St. John Central High School and St. John Grade School are operated through the Diocese of Steubenville. Current State legislation provides funding to these parochial schools. These moneys are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activity of these State moneys by the School District are reflected in a special revenue fund for financial reporting purposes.

The School District is associated with four organizations which are defined as jointly governed organizations, a related organization, and an insurance purchasing pool. These organizations include the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Belmont-Harrison Vocational School District, the Bellaire Library, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19, 20, and 21 to the general purpose financial statements.

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

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

**A. Basis Of Presentation - Fund Accounting**

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

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

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

*Governmental Fund Types:*

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

*General Fund* - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

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

*Proprietary Fund Types:*

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

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

*Internal Service Fund* - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

*Fiduciary Fund Types:*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trusts, non-expendable trusts and agency funds. Expendable trusts are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Account Groups:*

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

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

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

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. All proprietary funds and non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and non-expendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the non-expendable trust funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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



Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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

*Tax Budget:*

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

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

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999. At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

*Appropriations:*

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted.

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

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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

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

*Lapsing of Appropriations:*

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

**D. Cash and Cash Equivalents**

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

During fiscal year 1999, investments were limited to STAROhio, repurchase agreements and nonnegotiable certificates of deposit.

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

The School District has invested in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. 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 the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$103,093, which includes \$48,655 assigned from other School District funds.

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

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates

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

that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**F. Prepaid Items**

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

**G. Fixed Assets and Depreciation**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Interest incurred during construction of general fund assets is also not capitalized.

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

**H. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction on capital assets and to create a reserve for budget stabilization. See Note 22 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**I. Intergovernmental Revenues**

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

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

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

**Entitlements**

**General Fund**

State Foundation Program  
School Bus Purchase Reimbursement  
Equity Funds  
Community Alternative Funding System

**Non-Reimbursable Grant**

**Special Revenue Funds**

Auxiliary Services  
Education Management Information Systems  
Public School Preschool  
Disadvantaged Pupil Impact Aid  
Eisenhower Math and Science  
Title I  
Title VI  
Title VI-B  
Drug Free Schools  
HRY Transitions  
ACES Grant  
Health Grant  
Performance Incentive Grant  
Federal Emergency Management Agency  
Professional Development Block Grant  
Classroom Maintenance Fund  
Ohio Family & Children First  
Telecommunications E-Rate Grant  
**Capital Projects Funds**  
School Net Plus  
School Net Tech  
Emergency School Repair  
Classroom Facilities

**Reimbursable Grants**

**General Fund**

Driver Education

**Proprietary Funds**

National School Lunch Program  
National School Breakfast Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 78.4 percent of the School District's operating revenue during the 1999 fiscal year.

**J. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

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

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for certified employees, administrators, and classified employees after twenty years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**L. Accrued Liabilities and Long-Term Obligations**

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

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

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

**M. 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.

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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

**N. Fund Balance Reserves**

The School District records reserves for those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, school bus purchases, COLA, and endowments.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for COLA (Cost of Living Adjustment) represents amounts required, by a contractual agreement with the Bellaire City School District Education Association, to be set-aside for future payment. The reserve for endowments signifies the legal restrictions on the use of principal.

**O. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. During fiscal year 1999, contributed capital increased \$6,557 for assets purchased by government funds.

All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

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

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

**Q. Estimates**

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

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 3 - RESTATEMENT OF PRIOR YEAR FUND EQUITY**

For the year ended June 30, 1998, certain adjustments have resulted in fund equity and net income restatements. The following provides details of these adjustments and the resultant effect on fund equity by fund type:

|   | <u>General</u>     | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Enterprise</u> |
|---|--------------------|----------------------------|-----------------------------|-------------------|
| Prior Year Excess/<br>Net Income (Loss)   | \$138,950          | (\$4,452)                  | (\$145,936)                 | (\$33,605)        |
| Restatement for:  |                    |                            |                             |                   |
| Intergovernmental<br>Payable  | 21,997             | 4,557                      | 0                           | 869               |
| Account Receivable  | 847                | 0                          | 0                           | (847)             |
| Accrued Interest  | <u>0</u>           | <u>0</u>                   | <u>3,263</u>                | <u>0</u>          |
| Restated Excess/<br>Net Income  | <u>\$161,794</u>   | <u>\$105</u>               | <u>(\$142,673)</u>          | <u>(\$33,583)</u> |
| Fund Equity at<br>June 30, 1998   | (\$255,720)        | \$476,989                  | \$368,399                   | \$26,249          |
| Restatement for:  |                    |                            |                             |                   |
| Intergovernmental<br>Payable  | 21,997             | 4,557                      | 0                           | 869               |
| Account Receivable  | 847                | 0                          | 0                           | (847)             |
| Restatement of<br>Textbook/Supplies Fund<br>From Capital Projects to<br>Special Revenue | 0                  | 11,143                     | (11,143)                    | 0                 |
| Accrued Interest  | <u>0</u>           | <u>0</u>                   | <u>3,263</u>                | <u>0</u>          |
| Restated Fund Equity<br>July 1, 1998  | <u>(\$232,876)</u> | <u>\$492,689</u>           | <u>\$360,519</u>            | <u>\$26,271</u>   |

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

At June 30, 1999, the General Fund, Disadvantaged Pupil Impact Aid Special Revenue Fund, and HRY Transitions Special Revenue Fund had deficit fund balances of \$253,435, \$56,818, and \$410, respectively. The deficits were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficit in the General Fund is the result of the application of generally accepted accounting principles. Management will review operations to determine any actions deemed appropriate.

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.



Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

*Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental fund Types and Expendable Trust Funds*

|  | <u>General</u>    | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Expendable<br/>Trust</u> |
|--|-------------------|----------------------------|-------------------------|-----------------------------|-----------------------------|
| GAAP Basis                                 | (\$12,534)        | \$59,380                   | \$167,360               | \$686,790                   | (\$54)                      |
| Net Adjustment for<br>Revenue Accruals     | 68,049            | (8,329)                    | (6,229)                 | 16,164                      | (36)                        |
| Net Adjustment for<br>Expenditure Accruals | 82,590            | 58,449                     | 0                       | 56,418                      | 0                           |
| Prepaid Items                              | 23,720            | 1,830                      | 0                       | 2,179                       | 0                           |
| Note Proceeds                              | 0                 | 0                          | 0                       | 4,038,000                   | 0                           |
| Encumbrances                               | (260,946)         | (190,470)                  | 0                       | (1,632,440)                 | 0                           |
| Budget Basis                               | <u>(\$99,121)</u> | <u>(\$79,140)</u>          | <u>\$161,131</u>        | <u>\$3,167,111</u>          | <u>(\$90)</u>               |

*Net Income (Loss)/Excess of Revenues Over (Under) Expenses, Transfers and Advances  
All Proprietary Fund Types and Non-expendable Trust Funds*

|                                      | Enterprise        | Internal<br>Service | Non-expendable<br>Trust |
|--------------------------------------|-------------------|---------------------|-------------------------|
| GAAP Basis                           | (\$4,412)         | \$18,996            | \$72                    |
| Net Adjustment for Revenue           | (29,547)          | 0                   | 27                      |
| Prepaid Items                        | 725               | 0                   | 0                       |
| Materials and Supplies Inventory     | 6,754             | 0                   | 0                       |
| Inventory Held for Resale            | 11,748            | 0                   | 0                       |
| Net Adjustment for Expense Accruals: | (12,178)          | (7,757)             | 0                       |
| Depreciation Expense                 | 2,710             | 0                   | 0                       |
| Encumbrances                         | (919)             | (4,838)             | 0                       |
| Budget Basis                         | <u>(\$25,119)</u> | <u>\$6,401</u>      | <u>\$99</u>             |

**NOTE 6 - DEPOSITS AND INVESTMENTS**

State statutes classify moneys held by the School District into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such moneys must be maintained either as cash in the School District Treasury, in commercial accounts payable or

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

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

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

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

*Deposits* At year end the carrying amount of the School District's deposits was \$376,665 and the bank balance was \$433,075. \$100,771 was covered by FDIC; \$332,304 was collateralized by securities held in the financial institution in the School District's name.

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

|                      | Category 3         | Carrying Value     | Fair Value         |
|----------------------|--------------------|--------------------|--------------------|
| Repurchase Agreement | \$2,046,000        | \$2,046,000        | \$2,046,000        |
| STAR Ohio            |                    | 4,559,528          | 4,559,528          |
| <b>TOTAL</b>         | <b>\$2,046,000</b> | <b>\$6,605,528</b> | <b>\$6,605,528</b> |

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

|                         | Cash and Cash<br>Equivalents/Deposits | Investments        |
|-------------------------|---------------------------------------|--------------------|
| GASB Statement 9        | \$6,910,349                           | \$71,844           |
| Investments:            |                                       |                    |
| StarOhio                | (4,559,528)                           | 4,559,528          |
| Certificate of Deposit  | 71,844                                | (71,844)           |
| Repurchase Agreement    | (2,046,000)                           | 2,046,000          |
| <b>GASB Statement 3</b> | <b>\$376,665</b>                      | <b>\$6,605,528</b> |

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes

Bellaire City School District  
Notes to the General Purpose Financial Statements  
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**NOTE 7 - PROPERTY TAXES** (continued)

attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$32,668 in the General Fund, \$4,196 in the Permanent Improvement Fund, \$6,229 in the Bond Retirement Fund and \$813 in the Classroom Maintenance Fund. The amount available as an advance at June 30, 1998 was \$97,044 in the General Fund and \$21,173 in the Permanent Improvement Capital Projects Fund.

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

|  | 1998 Second-Half Collections |                | 1999 First-Half Collections |                |
|--|------------------------------|----------------|-----------------------------|----------------|
|  | Amount                       | Percent        | Amount                      | Percent        |
| Agricultural/Residential and Other Real Estate | \$60,238,390                 | 76.3%          | \$62,521,380                | 76.3           |
| Public Utility                                 | 14,848,100                   | 18.8           | 14,921,390                  | 18.2           |
| Tangible Personal Property                     | 3,881,330                    | 4.9            | 4,471,840                   | 5.5            |
| <b>Total Assessed Value</b>                    | <b>\$78,967,820</b>          | <b>100.00%</b> | <b>\$81,914,610</b>         | <b>100.00%</b> |
| Tax rate per \$1,000 of Assessed valuation     | \$35.45                      |                | \$36.78                     |                |

**NOTE 8 - RECEIVABLES**

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

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 8 - RECEIVABLES** (continued)

A summary of the principal items of intergovernmental receivables follows:

|                                     |           |
|-------------------------------------|-----------|
| General Fund                        |           |
| Miscellaneous Excess Costs          | \$117,008 |
| Total General Fund                  | 117,008   |
| Special Revenue Funds               |           |
| Youth Services Grant                | 3,750     |
| ADAMH                               | 6,270     |
| Title XX                            | 457       |
| Title I                             | 106,330   |
| Information Awareness               | 875       |
| Total Special Revenue Funds         | 117,682   |
| Enterprise Funds                    |           |
| Miscellaneous Food Service          | 255       |
| Total Enterprise Funds              | 255       |
| Total Intergovernmental Receivables | \$234,945 |

**NOTE 9 - FIXED ASSETS**

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

|                               |           |
|-------------------------------|-----------|
| Furniture and Equipment       | \$190,760 |
| Vehicles                      | 19,940    |
|                               | 210,700   |
| Less Accumulated Depreciation | (162,825) |
| Net Fixed Assets              | \$47,875  |

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

| Asset Category                       | Balance at<br>6/30/98 | Additions   | Deletions | Balance at<br>6/30/99 |
|--------------------------------------|-----------------------|-------------|-----------|-----------------------|
| Land and Improvements                | \$575,208             | \$35,000    | 0         | \$610,208             |
| Buildings and Improvements           | 4,764,721             | 624,445     | 0         | 5,389,166             |
| Furniture, Fixtures and<br>Equipment | 2,314,624             | 121,438     | 177,407   | 2,258,655             |
| Vehicles                             | 1,177,051             | 335,638     | 162,696   | 1,349,993             |
| Construction in Progress             | 0                     | 476,062     | 0         | 476,062               |
| Textbooks and Library Books          | 830,799               | 0           | 0         | 830,799               |
| Totals                               | \$9,662,403           | \$1,592,583 | \$340,103 | \$10,914,883          |

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 10 - RISK MANAGEMENT**

**A. Property and Liability**

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

|   |              |
|---|--------------|
| Building and Contents-replacement cost (\$500 deductible) | \$30,472,900 |
| Inland Marine Coverage (\$100 deductible)                 | 159,425      |
| Boiler and Machinery (\$1,000 deductible)                 | 15,931,800   |
| Crime Insurance   | 500          |
| Flood Insurance (\$750 deductible)                        | 131,100      |
| Automobile Liability (-0- deductible)                     | 1,000,000    |
| Uninsured Motorists (-0- deductible)                      | 500,000      |
| General Liability   |              |
| Per occurrence  | 2,000,000    |
| Total per year  | 5,000,000    |

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

**B. Workers' Compensation**

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20).

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

**C. Other Employee Benefits**

Dental insurance is offered to employees through a self-insurance internal service fund. The School District contracts with a third-party administrator to handle stop-loss coverage. The School District moves the monthly premiums to an internal service fund until claims are paid for by the dental insurance carrier. The cost of the actual claims is paid from the internal service fund after the claims are paid. The claims liability of \$11,824 reported in the internal service fund at June 30, 1999 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past two fiscal years are as follows:

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 10 - RISK MANAGEMENT (continued)**

|      | Balance at<br>Beginning of Year | Current Year<br>Claims | Claims Payments | Balance at End of<br>Year |
|------|---------------------------------|------------------------|-----------------|---------------------------|
| 1998 | \$19,029                        | \$82,924               | \$82,372        | \$19,581                  |
| 1999 | 19,581                          | 72,405                 | 80,162          | 11,824                    |

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Bellaire City School 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was 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 School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$83,095, \$135,635, and \$139,472; respectively; 45.71 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$45,109 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$281,679, \$564,509, and \$549,889, respectively; 79.85 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997.

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (continued)

\$56,670 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

**C. Social Security System**

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

**NOTE 12 - POST-EMPLOYMENT BENEFITS**

The School 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. 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 is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$375,573 for fiscal year 1999.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge during the 1999 fiscal year equaled \$83,765.



Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 12 - POST-EMPLOYMENT 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 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 13 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 235 to 260 days for all personnel. Upon retirement, payment is made for thirty-five percent of accrued, but unused sick leave credit to a maximum of 82 days for classified employees and 91 days for certified employees.

**B. Health Care Benefits**

The School District provides health insurance to most employees through The Health Plan of the Upper Ohio Valley, a health maintenance organization. The premiums for single coverage is \$180.99 and family coverage is \$452.48 for the Health Plan. The employees share the cost of the premium with the Board. Life insurance and accidental death and dismemberment insurance is provided to most employees through National Term Life Insurance. Life insurance premiums are 24 cents per \$1,000 of coverage. Vision insurance is provided to most employees through Vision Service Plan. The vision premiums for single or family coverage is \$11.60. The premiums for the life and vision insurance are paid solely by the School District.

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for equipment and furniture and fixtures. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$208,354. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$33,298 in the governmental funds

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

Bellaire City School District  
Notes to the General Purpose Financial Statements  
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**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE** (continued)

| Fiscal Year Ending June 30,                 | GLTDAG           |
|---|------------------|
| 2000  | \$42,424         |
| 2001  | 44,390           |
| 2002  | <u>23,891</u>    |
| Total                                       | 110,705          |
| Less: Amount Representing Interest          | <u>(10,472)</u>  |
| Present Value of Net Minimum Lease Payments | <u>\$100,233</u> |

**NOTE 15 - SHORT TERM OBLIGATIONS**

As of June 30, 1999, the School District had the following note activity:

|   | Outstanding<br>6/30/98 | Additions   | Reductions | Outstanding<br>6/30/99 |
|---|------------------------|-------------|------------|------------------------|
| Classroom Facilities<br>Capital Projects<br>Fund: |                        |             |            |                        |
| Bond Anticipation<br>Note - 3.70%                 | \$0                    | 4,038,000   | \$0        | \$4,038,000            |
| Total   | \$0                    | \$4,038,000 | \$0        | \$4,038,000            |

The School District issued a \$4,038,000, 3.70 percent bond anticipation note during fiscal year 1999 which will be repaid with bond proceeds upon the issuance of bonds.

**NOTE 16 - LONG-TERM OBLIGATIONS**

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

|                                     | Principal<br>Outstanding<br>6/30/98 | Additions | Deductions | Principal<br>Outstanding<br>6/30/99 |
|-------------------------------------|-------------------------------------|-----------|------------|-------------------------------------|
| Capital Leases                      | \$133,531                           | \$0       | \$33,298   | \$100,233                           |
| COLA                                | 218,711                             | 0         | 59,837     | 158,874                             |
| Pension Obligation                  | 60,023                              | 59,229    | 60,023     | 59,229                              |
| Compensated Absences                | 1,257,478                           | 228,551   | 0          | 1,486,029                           |
| Total General Long-Term Obligations | \$1,669,743                         | \$287,780 | \$153,158  | \$1,804,365                         |

Capital leases will be paid from the General Fund and the Permanent Improvement Capital Projects Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid. The COLA obligation will be paid from the General Fund.

The School District's voted legal debt margin was \$7,372,315 with an unvoted debt margin of \$81,915 at June 30, 1999.

Bellaire City School District  
Notes to the General Purpose Financial Statements  
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**NOTE 17 - CONTRACTUAL COMMITMENTS**

As of June 30, 1999, the School District had the following contractual purchase commitments:

| Project               | Total Contract | Payment | Outstanding June 30, 1998 |
|-----------------------|----------------|---------|---------------------------|
| High School Restrooms | \$77,700       | \$5,113 | \$72,587                  |
| Classroom Facilities  | 3,401,097      | 401,216 | 2,999,881                 |

**NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

|  | Food Service | Uniform<br>School<br>Supplies | Total<br>Enterprise<br>Funds |
|--|--------------|-------------------------------|------------------------------|
| Operating Revenues                           | \$228,465    | \$0                           | \$228,465                    |
| Operating Expenses<br>less Depreciation      | 545,643      | 0                             | 545,643                      |
| Depreciation Expense                         | 2,710        | 0                             | 2,710                        |
| Operating (Loss)                             | (319,888)    | 0                             | (319,888)                    |
| Donated Commodities                          | 28,808       | 0                             | 28,808                       |
| Operating Grants                             | 286,486      | 0                             | 286,486                      |
| Interest                                     | 182          | 0                             | 182                          |
| Net (Loss)                                   | (4,412)      | 0                             | (4,412)                      |
| Net Working Capital                          | (20,363)     | 904                           | (19,459)                     |
| Total Assets                                 | 106,318      | 904                           | 107,222                      |
| Total Equity                                 | 27,512       | 904                           | 28,416                       |
| Encumbrances Outstanding<br>at June 30, 1999 | 919          | 0                             | 919                          |

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

*Ohio Mid-Eastern Regional Education Service Agency* - The School District is a participant in the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) which is a computer consortium. OME-RESA is a governmental jointly governed organization among eleven counties. The counties OME-RESA serves are: Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble and Tuscarawas. OME-RESA was created as a regional council of governments pursuant to State Statutes. OME-RESA provides financial accounting services, educational management information system services, cooperative purchase service and legal services to

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS** (continued)

member districts. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by member districts. Each district has one vote in all matters, and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors. The Jefferson County Board of Education office serves as the fiscal agent and receives funding from the Ohio Department of Education. The continued existence of OME-RESA is not dependent on the District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. Bellaire City School District's payments to OME-RESA for services for fiscal year 1999 were \$28,498. To obtain financial information write to Ohio Mid Eastern Regional Education Service Agency, Debra Angelo, Treasurer, 2023 Subset Boulevard, Steubenville, Ohio 43952.

*Belmont-Harrison Joint Vocational School* - The Belmont-Harrison Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of up to two representatives from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Belmont-Harrison Joint Vocational School, Alexis Petrilla who serves as Treasurer, at 110 Fox/Shannon Place, St. Clairsville, Ohio 43950.

**NOTE 20 - INSURANCE PURCHASING POOL**

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

**NOTE 21 - RELATED ORGANIZATION**

*Bellaire Public Library* - The Bellaire Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Bellaire City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Bellaire Public Library, Pamela Nyles, Clerk/Treasurer, at 32nd and Guernsey Street, Bellaire, Ohio 43906.

**NOTE 22 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School 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. The School District is also required to set aside money for budget stabilization.

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**NOTE 22 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (continued)

The following cash basis information describes the change in the year-end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

|  | <u>Textbooks</u> | <u>Capital Acquisition</u> | <u>Budget Stabilization</u> | <u>Totals</u>           |
|--|------------------|----------------------------|-----------------------------|-------------------------|
| Set-aside Cash Balance as of June 30, 1998 | \$0              | \$0                        | \$60,163                    | \$60,163                |
| Current Year Set-aside Requirement         | 113,224          | 113,224                    | 0                           | 226,448                 |
| Current Year Offsets                       | 0                | (511,449)                  | 0                           | (511,449)               |
| Qualifying Disbursements                   | (128,473)        | (958,113)                  | 0                           | (1,086,586)             |
| Total                                      | <u>(15,249)</u>  | <u>(1,356,338)</u>         | <u>60,163</u>               | <u>(1,311,424)</u>      |
| Cash Balance Carried forward To FY2000     | <u>0</u>         | <u>0</u>                   | <u>60,163</u>               | <u>60,163</u>           |
| Amount Restricted for Bus Purchases        |                  |                            |                             | <u>58,751</u>           |
| Total Restricted Assets                    |                  |                            |                             | <u><u>\$118,914</u></u> |

Although the school district had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**NOTE 23 - STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's school foundation program, which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$6,272,570 of school foundation support for its general fund.

The classroom facilities program provided money for the repairing and upgrading the School District's physical plant. As of June 30, 1999, the School District had received \$940,356 monies under this program; however, voters approved a bond issue in November 1998 that will allow the District to participate in the Ohio School Facilities Commission Building Assistance Program. The total amount of the project approved is \$30,172,621 with \$4,038,000 being the local share and \$26,134,621 being the State share.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined

**NOTE 23 - STATE SCHOOL FUNDING DECISION** (continued)

they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas of Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**NOTE 24 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**B. Litigation**

The School District is not party to legal proceedings.

**NOTE 25 - YEAR 2000 ISSUE**

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

Bellaire City School District has completed an inventory of computer systems and other electronic equipment that may be effected by the year 2000 issue and that are necessary to conducting School District operations and has identified such systems as being financial reporting, payroll and employee benefits and educational statistics reporting.

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio School Payroll System software for its payroll and employee benefits and the State's Education Management and Information System for its educational statistics reporting. The school district utilizes an external service organization for these services. The external service organization and the State are responsible for remediating these systems.

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

The State of Ohio distributes a substantial sum of money to the School District in the form of foundation payments and federal and state grant payments. The State is responsible for remediating these systems.

Bellaire City School District utilizes an external company (Johnson Controls) for temperature control systems at the high school. In addition, computer hardware and software is utilized by the District for temperature control at the District's other buildings. The external company has identified the procedures

Bellaire City School District  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

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**NOTE 25 - YEAR 2000 ISSUE** (continued)

necessary to remediate the year 2000 issue. In February 1999, the district purchased a new computer system from the external company to ensure the high school system is year 2000 compliant.

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

**NOTE 26- SUBSEQUENT EVENT**

On July 9, 1999, the School District entered into an agreement for the purchase of property. The District will pay the seller \$480,000 in installments beginning July 26, 1999 with the last payment due September 30, 2002.

**Bellaire City School District - Belmont County**  
**Schedule of Federal Awards Receipts and Expenditures**  
**For The Year Ended June 30, 1999**

| <u>Agency/Program/Grant</u>   | <u>Pass<br/>Through<br/>Number</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Receipts</u>     | <u>Non-Cash<br/>Receipts</u> | <u>Disbursements</u> | <u>Non-Cash<br/>Disbursements</u> |
|---|------------------------------------|------------------------------------|---------------------|------------------------------|----------------------|-----------------------------------|
| <b><u>U.S. Department of Agriculture</u></b>                                |                                    |                                    |                     |                              |                      |                                   |
| Passed Through State Department of Education:                               |                                    |                                    |                     |                              |                      |                                   |
| Nutrition Cluster:  |                                    |                                    |                     |                              |                      |                                   |
| Food Distribution Program   |                                    | 10.550                             | \$ -                | \$ 26,805                    | \$ -                 | \$ 28,808                         |
| School Breakfast Program  | 043570-05PU-99                     | 10.553                             | 81,207              | -                            | 81,207               | -                                 |
| National School Lunch Program   | 043570-0304PU-99                   | 10.555                             | 203,600             | -                            | 203,600              | -                                 |
| <b>Total U.S. Department of Agriculture Nutrition Cluster</b>               |                                    |                                    | <u>264,807</u>      | <u>26,805</u>                | <u>264,807</u>       | <u>28,808</u>                     |
| <b><u>Federal Emergency Management Assistance</u></b>                       |                                    |                                    |                     |                              |                      |                                   |
| Passed Through the State Department of Public Safety:                       |                                    |                                    |                     |                              |                      |                                   |
| Disaster Assistance   | 1097DR0139                         | 83.544                             | -                   | -                            | 7,613                | -                                 |
| <b>Total Federal Emergency Management Assistance</b>                        |                                    |                                    | <u>-</u>            | <u>-</u>                     | <u>7,613</u>         | <u>-</u>                          |
| <b><u>U.S. DEPARTMENT OF EDUCATION</u></b>                                  |                                    |                                    |                     |                              |                      |                                   |
| Passed Through State Department of Education:                               |                                    |                                    |                     |                              |                      |                                   |
| Educationally Deprived Children - Local Educational Agencies Title I        |                                    |                                    |                     |                              |                      |                                   |
|   | 043570-C1S1-98/99                  | 84.010                             | 446,289             | -                            | 513,171              | -                                 |
| Handicapped - State Grants (Part B, Education of the Handicapped Act)       |                                    |                                    |                     |                              |                      |                                   |
|   | 043570-6BSF-98/99P                 | 84.027                             | 136,444             | -                            | 112,961              | -                                 |
| Vocational Education - Basic Grants to State VEPD                           |                                    |                                    |                     |                              |                      |                                   |
|   | FY99                               | 84.048                             | 5,012               | -                            | 5,012                | -                                 |
| Innovative Educational Program Strategies - Title VI                        |                                    |                                    |                     |                              |                      |                                   |
|   | 043570-C2S1-98/99                  | 84.298                             | 12,355              | -                            | 11,280               | -                                 |
| Drug Free Schools and Communities Grant                                     |                                    |                                    |                     |                              |                      |                                   |
|   | 04357-DRS1-98/99                   | 84.186                             | 98,530              | -                            | 102,503              | -                                 |
|   | 043570-DRS2-97/98/99               | 84.186                             | 21,339              | -                            | 27,647               | -                                 |
|   |                                    |                                    | <u>119,869</u>      | <u>-</u>                     | <u>130,150</u>       | <u>-</u>                          |
| Goals 2000 Grant/Performance Incentive Grant                                |                                    |                                    |                     |                              |                      |                                   |
|   | 043570-G2S1-97C/99P                | 84.276                             | 51,962              | -                            | 21,678               | -                                 |
| Eisenhower Professional Development State Grant                             |                                    |                                    |                     |                              |                      |                                   |
|   | MSS2-97C                           | 84.281                             | (246)               | -                            | 0                    | -                                 |
|   | MSS1-98C/P                         | 84.281                             | (6,306)             | -                            | 3,574                | -                                 |
|   | MSS2-98C/99                        | 84.281                             | 7,670               | -                            | 13,154               | -                                 |
|   |                                    |                                    | <u>1,118</u>        | <u>-</u>                     | <u>16,728</u>        | <u>-</u>                          |
| Telecommunications Act Grant Fund   |                                    |                                    |                     |                              |                      |                                   |
| Passed Through the State Department of Alcohol and Drug Addiction Services: |                                    |                                    |                     |                              |                      |                                   |
|   | 99312/328                          | 84.xxx                             | 17,972              | -                            | -                    | -                                 |
| HRY Transitions   |                                    |                                    |                     |                              |                      |                                   |
|   | DFSP999624                         | 84.186A                            | 100,000             | -                            | 97,906               | -                                 |
| ACES Grant  |                                    |                                    |                     |                              |                      |                                   |
|   | DFSP979630                         | 84.186A                            | -                   | -                            | 9,481                | -                                 |
| <b>Total U.S. Department of Education</b>                                   |                                    |                                    | <u>891,021</u>      | <u>-</u>                     | <u>918,377</u>       | <u>-</u>                          |
| <b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>                       |                                    |                                    | <u>\$ 1,155,828</u> | <u>\$ 26,805</u>             | <u>\$ 1,190,797</u>  | <u>\$ 28,808</u>                  |

The notes to the Schedule of Federal Awards, Receipts, and Expenditures are an integral part of this statement.



**Notes to Schedule of Federal Awards Receipts and Expenditures**  
**For The Year Ended June 30, 1999**

**Note A - Significant Accounting Policies**

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

**Note B - Food Distribution**

Non-monetary assistance, such as food received from the U. S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U. S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Bellaire City School District  
Belmont County  
340 34th Street  
Bellaire, Ohio 43906

To Members of the Board:

We have audited the general purpose financial statements of the Bellaire City School District, Belmont County, Ohio, (the School District), as of and for the year ended June 30, 1999, and have issued our report thereon dated December 6, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

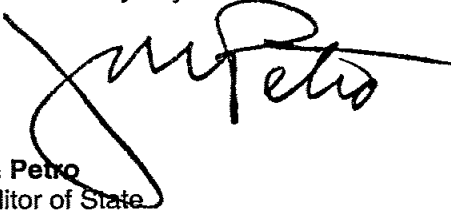
As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-11007-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated December 6, 1999.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 6, 1999.

Bellaire City School District  
Belmont County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

December 6, 1999



STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Bellaire City School District  
Belmont County  
340 34th Street  
Bellaire, Ohio 43906

To Members of the Board:

**Compliance**

We have audited the compliance of the Bellaire City School District, Belmont County, Ohio, (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 are applicable to each of its major federal programs for the year ended June 30, 1999. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

**Internal Control over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal controls 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. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated December 6, 1999.

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



**JIM PETRO**  
Auditor of State

December 6, 1999

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 1999**

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

|                     |   |   |
|---------------------|---|---|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unqualified   |
| <b>(d)(1)(ii)</b>   | <b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>         | No  |
| <b>(d)(1)(ii)</b>   | <b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b> | No  |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>                       | Yes   |
| <b>(d)(1)(iv)</b>   | <b>Were there any material internal control weakness conditions reported for major federal programs?</b>              | No  |
| <b>(d)(1)(iv)</b>   | <b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>      | No  |
| <b>(d)(1)(v)</b>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unqualified   |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under § .510?</b>  | No  |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | Title I, Part A, IASA - CFDA #84.010;<br>Nutrition Cluster - CFDA #10.550,<br>#10.553 and #10.555 |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A\B Programs</b>  | Type A: > \$ 300,000<br>Type B: all others  |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee?</b>  | Yes   |

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**(Continued)**

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

**Finding #1999-11007-001**

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. The following fund had expenditures which exceeded appropriations at January 31, 1999, at the defined legal level of control;

|                              |          |
|------------------------------|----------|
| <u>Internal Service Fund</u> |          |
| Support Services             |          |
| Fringe Benefits              | \$85,000 |
| Purchased Services           | 6,239    |

We recommend the School District establish internal control procedures to monitor budgetary compliance throughout the fiscal year to avoid expenditures exceeding appropriations.

**3. FINDINGS FOR FEDERAL AWARDS**

None



**CORRECTIVE ACTION PLAN**  
**OMB CIRCULAR A-133 § .315 (c)**  
**FOR THE YEAR ENDED JUNE 30, 1999**

| Finding Number | Planned Corrective Action   | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|----------------------------|
| 1999-11007-001 | The School District Treasurer plans to monitor budgetary information to ensure that expenditures plus encumbrances do not exceed appropriations throughout the fiscal year. | 6/30/2000                   | Tara Boyer,<br>Treasurer   |



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**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

By: *Susan Babbitt*  
Clerk of the Bureau

Date: **JAN 18 2000**