



**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Bellaire City School District  
Belmont County  
340 34<sup>th</sup> 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, 2000, 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 Bellaire City School District, Belmont County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust fund 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 11, 2000, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

**Jim Petro**  
Auditor of State

December 11, 2000

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**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$315,838	\$888,248	\$224,376	\$10,129,995
Cash and Cash Equivalents: In Segregated Accounts	0	0	0	48,390
Investments: Investments	7,447	0	0	0
Receivables: Taxes	1,964,009	44,850	343,555	239,798
Accounts	2,598	0	0	0
Intergovernmental	43,998	58,642	0	0
Interfund Receivable	0	4,163	0	0
Accrued Interest	238	3,474	0	10,538
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	68,257	0	0	0
Restricted Assets: Equity in Pooled Cash and Cash Cash Equivalents	186,806	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$2,589,191</b>	<b>\$999,377</b>	<b>\$567,931</b>	<b>\$10,428,721</b>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$2,968	\$85,269	\$35,165	\$0	\$0	\$11,681,859
0	0	0	0	0	48,390
0	0	8,500	0	0	15,947
0	0	0	0	0	2,592,212
48	0	0	0	0	2,646
0	0	0	0	0	102,640
0	0	0	0	0	4,163
0	0	38	0	0	14,288
12,845	0	0	0	0	12,845
8,208	0	0	0	0	76,465
0	0	0	0	0	186,806
30,138	0	0	14,281,869	0	14,312,007
0	0	0	0	248,122	248,122
0	0	0	0	5,657,892	5,657,892
<b>\$54,207</b>	<b>\$85,269</b>	<b>\$43,703</b>	<b>\$14,281,869</b>	<b>\$5,906,014</b>	<b>\$34,956,282</b>

(continued)

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000  
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$9,638	\$31,406	\$0	\$5,035
Accrued Wages	828,192	126,931	0	0
Compensated Absences Payable	32,470	1,780	0	0
Intergovernmental Payable	171,626	23,403	0	2
Deferred Revenue	1,862,001	41,750	319,809	223,766
Interfund Payable	0	4,163	0	0
Retainage Payable	0	0	0	48,390
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Contracts Payable	0	0	0	1,709,882
COLA Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>2,903,927</b>	<b>229,433</b>	<b>319,809</b>	<b>1,987,075</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	138,745	51,108	0	16,338,315
Reserved for Inventory	68,257	0	0	0
Reserved for Property Taxes	125,418	3,100	23,746	16,032
Reserved for Endowments	0	0	0	0
Reserved for Budget Stabilization	60,163	0	0	0
Reserved for COLA	7,219	0	0	0
Reserved for School Bus Purchases	117,954	0	0	0
Reserved for Textbooks & Instruction	8,689	0	0	0
Unreserved: Designated	7,447	0	0	0
Undesignated (Deficits)	(848,628)	715,736	224,376	(7,912,701)
<b>Total Fund Equity and Other Credits</b>	<b>(314,736)</b>	<b>769,944</b>	<b>248,122</b>	<b>8,441,646</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$2,589,191</b>	<b>\$999,377</b>	<b>\$567,931</b>	<b>\$10,428,721</b>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$1,088	\$0	\$0	\$0	\$0	\$47,167
35,268	0	0	0	0	990,391
17,796	0	0	0	1,645,865	1,697,911
14,432	0	0	0	62,883	272,346
9,167	0	0	0	0	2,456,493
0	0	0	0	0	4,163
0	0	0	0	0	48,390
0	0	34,435	0	0	34,435
0	11,077	0	0	0	11,077
0	0	0	0	0	1,709,882
0	0	0	0	95,090	95,090
0	0	0	0	64,176	64,176
0	0	0	0	4,038,000	4,038,000
77,751	11,077	34,435	0	5,906,014	11,469,521
0	0	0	14,281,869	0	14,281,869
76,845	0	0	0	0	76,845
(100,389)	74,192	0	0	0	(26,197)
0	0	0	0	0	16,528,168
0	0	0	0	0	68,257
0	0	0	0	0	168,296
0	0	5,000	0	0	5,000
0	0	0	0	0	60,163
0	0	0	0	0	7,219
0	0	0	0	0	117,954
0	0	0	0	0	8,689
0	0	0	0	0	7,447
0	0	4,268	0	0	(7,816,949)
(23,544)	74,192	9,268	14,281,869	0	23,486,761
<b>\$54,207</b>	<b>\$85,269</b>	<b>\$43,703</b>	<b>\$14,281,869</b>	<b>\$5,906,014</b>	<b>\$34,956,282</b>

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes	\$1,717,553	\$39,012	\$121,082	387,466
Intergovernmental	7,109,835	1,941,955	36,738	7,656,763
Interest	103,035	12,431	5,965	354,188
Tuition and Fees	122,277	37,535	0	0
Rent	1,250	0	0	0
Extracurricular Activities	0	199,553	0	0
Customer Services	0	171,120	0	0
Miscellaneous	20,897	8,209	0	0
<b>Total Revenues</b>	<b>9,074,847</b>	<b>2,409,815</b>	<b>163,785</b>	<b>8,398,417</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	4,426,874	536,857	0	0
Special	1,048,876	498,925	0	0
Vocational	173,063	0	0	0
Adult/Continuing	0	5,441	0	0
Other	327,656	0	0	0
Support Services:				
Pupils	300,938	517,049	0	0
Instructional Staff	60,287	43,805	0	0
Board of Education	18,458	0	0	0
Administration	929,707	200,801	0	0
Fiscal	187,898	5,839	6,319	0
Operation and Maintenance of Plant	937,640	3,650	0	0
Pupil Transportation	564,255	32,911	0	0
Central	0	1,250	0	0
Non-Instructional Services	0	239,837	0	0
Extracurricular Activities	152,997	111,016	0	0
Capital Outlay	0	0	0	4,882,499
Debt Service:				
Principal Retirement	0	0	0	36,057
Interest and Fiscal Charges	0	0	76,704	123,524
<b>Total Expenditures</b>	<b>9,128,649</b>	<b>2,197,381</b>	<b>83,023</b>	<b>5,042,080</b>
Excess of Revenues Over (Under) Expenditures	(53,802)	212,434	80,762	3,356,337
<b>Other Financing Sources/(Uses):</b>				
Operating Transfers - In	0	6,164	0	0
Operating Transfers - Out	(5,441)	(723)	0	0
Proceeds from Sale of Fixed Assets	983	0	0	0
Proceeds from Sale of Bonds	0	0	0	4,038,000
<b>Total Other Financing Sources/(Uses)</b>	<b>(4,458)</b>	<b>5,441</b>	<b>0</b>	<b>4,038,000</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(58,260)	217,875	80,762	7,394,337
Fund Balances (Deficit) at Beginning of Year	(253,434)	552,069	167,360	1,047,309
Decrease in Reserve for Inventory	(3,042)	0	0	0
<b>Fund Balances(Deficits)at End of Year</b>	<b>(\$314,736)</b>	<b>\$769,944</b>	<b>\$248,122</b>	<b>\$8,441,646</b>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$0	\$2,265,113
0	16,745,291
123	475,742
0	159,812
0	1,250
0	199,553
0	171,120
0	29,106
123	20,046,987
250	4,963,981
0	1,547,801
0	173,063
0	5,441
0	327,656
0	817,987
0	104,092
0	18,458
0	1,130,508
0	200,056
0	941,290
0	597,166
0	1,250
0	239,837
0	264,013
0	4,882,499
0	36,057
0	200,228
250	16,451,383
(127)	3,595,604
0	6,164
0	(6,164)
0	983
0	4,038,000
0	4,038,983
(127)	7,634,587
3,960	1,517,264
0	
0	(3,042)
<b>\$3,833</b>	<b>\$9,148,809</b>

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**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	-----General Fund-----			-----Special Revenue Funds-----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$1,624,803	\$1,624,803	\$0	\$36,725	\$36,725	\$0
Intergovernmental	7,089,247	7,089,247	0	1,990,519	1,990,519	0
Interest	103,800	102,898	(902)	14,250	14,490	240
Tuition and Fees	122,171	122,171	0	37,535	37,535	0
Rent	1,250	1,250	0	0	0	0
Extracurricular Activities	0	0	0	199,553	199,553	0
Customer Services	0	0	0	181,597	181,597	0
Miscellaneous	22,633	22,633	0	8,209	8,209	0
<b>Total Revenues</b>	<b>8,963,904</b>	<b>8,963,002</b>	<b>(902)</b>	<b>2,468,388</b>	<b>2,468,628</b>	<b>240</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	4,542,309	4,524,329	17,980	\$531,784	\$531,784	0
Special	1,087,465	1,081,081	6,384	524,171	524,165	6
Vocational	178,780	177,816	964	0	0	0
Adult/Continuing	0	0	0	5,541	5,441	100
Other	375,050	373,099	1,951	0	0	0
Support Services:						
Pupils	306,955	303,970	2,985	556,341	551,413	4,928
Instructional Staff	64,123	62,319	1,804	46,495	46,494	1
Board of Education	17,712	17,443	269	0	0	0
Administration	948,765	944,938	3,827	209,226	205,265	3,961
Fiscal	190,038	187,066	2,972	5,915	5,840	75
Operation and Maintenance of Plant	974,905	973,957	948	3,650	3,650	0
Pupil Transportation	640,987	629,295	11,692	33,311	33,311	0
Central	0	0	0	1,250	1,250	0
Non-Instructional Services	0	0	0	336,034	333,030	3,004
Extracurricular Activities	156,323	156,273	50	132,646	132,610	36
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>9,483,412</b>	<b>9,431,586</b>	<b>51,826</b>	<b>2,386,364</b>	<b>2,374,253</b>	<b>12,111</b>
Excess of Revenues Over (Under) Expenditures	(519,508)	(468,584)	50,924	82,024	94,375	12,351
<b>Other Financing Sources and (Uses):</b>						
Transfer-In	0	0	0	6,164	6,164	0
Advance-In	0	0	0	4,163	4,163	0
Proceeds from Sale of Fixed Assets	983	983	0	0	0	0
Proceeds from Sale of Bonds	0	0	0	0	0	0
Proceeds from Sale of Long-Term Notes	0	0	0	0	0	0
Transfer-Out	(5,541)	(5,441)	100	(723)	(723)	0
Advance-Out	0	0	0	(4,163)	(4,163)	0
<b>Total Other Financing Sources/(Uses)</b>	<b>(4,558)</b>	<b>(4,458)</b>	<b>100</b>	<b>5,441</b>	<b>5,441</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(524,066)	(473,042)	51,024	87,465	99,816	12,351
Fund Balances at Beginning of Year	561,736	561,736	0	515,000	515,000	0
Prior Year Encumbrances Appropriated	260,946	260,946	0	190,471	190,471	0
<b>Fund Balances at End of Year</b>	<b>\$298,616</b>	<b>\$349,640</b>	<b>\$51,024</b>	<b>\$792,936</b>	<b>\$805,287</b>	<b>\$12,351</b>

(continued)

See accompanying notes to the general purpose financial statements.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

	-----Debt Service Fund-----			-----Capital Projects Funds-----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$281,314	\$281,314	\$0	\$197,881	\$197,881	\$0
Intergovernmental	36,738	36,738	0	7,656,763	7,656,763	0
Interest	5,965	5,965	0	351,162	343,650	(7,512)
Tuition and Fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Customer Services	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
<b>Total Revenues</b>	<b>324,017</b>	<b>324,017</b>	<b>0</b>	<b>8,205,806</b>	<b>8,198,294</b>	<b>(7,512)</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	0	0	0	0	0	0
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Adult/Continuing	0	0	0	0	0	0
Other	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	114,574	114,574	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	6,563	6,319	244	11,391	11,224	167
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	23,763	23,763	0
Central	0	0	0	8,484	8,484	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	19,354,903	19,352,751	2,152
Debt Service:						
Principal Retirement	8,076,000	8,076,000	0	0	0	0
Interest and Fiscal Charges	254,453	254,453	0	0	0	0
<b>Total Expenditures</b>	<b>8,337,016</b>	<b>8,336,772</b>	<b>244</b>	<b>19,513,115</b>	<b>19,510,796</b>	<b>2,319</b>
Excess of Revenues Over (Under) Expenditures	(8,012,999)	(8,012,755)	244	(11,307,309)	(11,312,502)	(5,193)
<b>Other Financing Sources and (Uses):</b>						
Transfer-In	0	0	0	0	0	0
Advance-In	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Proceeds from Sale of Bonds	4,038,000	4,038,000	0	0	0	0
Proceeds from Sale of Long-Term Notes	4,038,000	4,038,000	0	0	0	0
Transfer-Out	0	0	0	0	0	0
Advance-Out	0	0	0	0	0	0
<b>Total Other Financing Sources/(Uses)</b>	<b>8,076,000</b>	<b>8,076,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures Other Financing (Uses)	63,001	63,245	244	(11,307,309)	(11,312,502)	(5,193)
Fund Balances at Beginning of Year	161,131	161,131	0	3,515,100	3,515,100	0
Prior Year Encumbrances Appropriated	0	0	0	1,632,440	1,632,440	0
<b>Fund Balances at End of Year</b>	<b>\$224,132</b>	<b>\$224,376</b>	<b>\$244</b>	<b>(\$6,159,769)</b>	<b>(\$6,164,962)</b>	<b>(\$5,193)</b>

See accompanying notes to the general purpose financial statements.

-----Expendable Trust Funds-----			----- (Memorandum Only) -----		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,140,723	\$2,140,723	\$0
0	0	0	16,773,267	16,773,267	0
141	141	0	475,318	467,144	(8,174)
0	0	0	159,706	159,706	0
0	0	0	1,250	1,250	0
0	0	0	199,553	199,553	0
0	0	0	181,597	181,597	0
0	0	0	30,842	30,842	0
141	141	0	19,962,256	19,954,082	(8,174)
250	250	0	5,074,343	5,056,363	17,980
0	0	0	1,611,636	1,605,246	6,390
0	0	0	178,780	177,816	964
0	0	0	5,541	5,441	100
0	0	0	375,050	373,099	1,951
0	0	0	977,870	969,957	7,913
0	0	0	110,618	108,813	1,805
0	0	0	17,712	17,443	269
0	0	0	1,157,991	1,150,203	7,788
0	0	0	213,907	210,449	3,458
0	0	0	978,555	977,607	948
0	0	0	698,061	686,369	11,692
0	0	0	9,734	9,734	0
0	0	0	336,034	333,030	3,004
0	0	0	288,969	288,883	86
0	0	0	19,354,903	19,352,751	2,152
0	0	0	8,076,000	8,076,000	0
0	0	0	254,453	254,453	0
250	250	0	39,720,157	39,653,657	66,500
(109)	(109)	0	(19,757,901)	(19,699,575)	58,326
0	0	0	6,164	6,164	0
0	0	0	4,163	4,163	0
0	0	0	983	983	0
0	0	0	4,038,000	4,038,000	0
0	0	0	4,038,000	4,038,000	0
0	0	0	(6,264)	(6,164)	100
0	0	0	(4,163)	(4,163)	0
0	0	0	8,076,883	8,076,983	100
(109)	(109)	0	(11,681,018)	(11,622,592)	58,426
3,917	3,917	0	4,756,884	4,756,884	0
0	0	0	2,083,857	2,083,857	0
<b>\$3,808</b>	<b>\$3,808</b>	<b>\$0</b>	<b>(\$4,840,277)</b>	<b>(\$4,781,851)</b>	<b>\$58,426</b>

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**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR END JUNE 30, 2000**

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
<b>Operating Revenues:</b>				
Sales	\$226,194	\$0	\$0	\$226,194
Charges for Services	0	110,187	0	110,187
Interest	0	0	301	301
<b>Total Operating Revenue</b>	<b>226,194</b>	<b>110,187</b>	<b>301</b>	<b>336,682</b>
<b>Operating Expenses:</b>				
Salaries	218,231	0	0	218,231
Fringe Benefits	101,548	0	0	101,548
Purchased Services	605	10,703	0	11,308
Materials and Supplies	44,811	0	0	44,811
Cost of Sales	215,056	0	0	215,056
Depreciation	1,797	0	0	1,797
Claims	0	80,528	0	80,528
Other Operating Expenses	0	0	250	250
<b>Total Operating Expenses</b>	<b>582,048</b>	<b>91,231</b>	<b>250</b>	<b>673,529</b>
<b>Operating Income (Loss)</b>	<b>(355,854)</b>	<b>18,956</b>	<b>51</b>	<b>(336,847)</b>
<b>Non-Operating Revenues:</b>				
Federal Donated Commodities	25,396	0	0	25,396
Operating Grants	294,171	0	0	294,171
Interest	266	0	13	279
<b>Total Non-Operating Revenues</b>	<b>319,833</b>	<b>0</b>	<b>13</b>	<b>319,846</b>
<b>Net Income (Loss)</b>	<b>(36,021)</b>	<b>18,956</b>	<b>64</b>	<b>(17,001)</b>
Retained Earnings/Fund Balance (Deficit) at Beginning of Year - Restated (Note 3)	(64,368)	55,236	5,371	(3,761)
Retained Earnings/Fund Balance (Deficit) at End of Year	(100,389)	74,192	5,435	(20,762)
Contributed Capital at Beginning of Year	76,845	0	0	76,845
Contributed Capital at End of Year	76,845	0	0	76,845
<b>Total Fund Equity at End of Year</b>	<b>(\$23,544)</b>	<b>\$74,192</b>	<b>\$5,435</b>	<b>\$56,083</b>

See accompanying notes to the general purpose financial statements.

BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES INFUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types					
	Enterprise Funds			Internal Service Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Sales	\$226,892	\$226,892	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	110,187	110,187	0
Interest	0	0	0	0	0	0
<b>Total Revenues</b>	<b>226,892</b>	<b>226,892</b>	<b>0</b>	<b>110,187</b>	<b>110,187</b>	<b>0</b>
<b>Expenses:</b>						
Salaries	219,869	219,447	422	0	0	0
Fringe Benefits	102,626	102,358	268	93,863	93,863	0
Purchased Services	605	605	0	10,703	10,703	0
Materials and Supplies	236,877	236,425	452	0	0	0
Capital Outlay	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total Expenses</b>	<b>559,977</b>	<b>558,835</b>	<b>1,142</b>	<b>104,566</b>	<b>104,566</b>	<b>0</b>
Excess of Revenues Over (Under) Expenses	(333,085)	(331,943)	1,142	5,621	5,621	0
<b>Non-Operating Revenues:</b>						
Interest	266	266	0	0	0	0
Federal and State Subsidies	294,171	294,171	0	0	0	0
<b>Total Non-Operating Revenues</b>	<b>294,437</b>	<b>294,437</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Revenues and Other Non-Operating Revenues Over/Under Expenses	(38,648)	(37,506)	1,142	5,621	5,621	0
Fund Equity at Beginning of Year	38,455	38,455	0	62,222	62,222	0
Prior Year Encumbrances Appropriated	919	919	0	4,838	4,838	0
<b>Fund Equity at End of Year</b>	<b>\$726</b>	<b>\$1,868</b>	<b>\$1,142</b>	<b>\$72,681</b>	<b>\$72,681</b>	<b>\$0</b>

See accompanying notes to the general purpose financial statements.

----- Fiduciary Fund Type ----- ----- Nonexpendable Trust Funds -----			Totals ----- (Memorandum Only) -----		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$226,892	\$226,892	\$0
0	0	0	110,187	110,187	0
301	301	0	301	301	0
301	301	0	337,380	337,380	0
0	0	0	219,869	219,447	422
0	0	0	196,489	196,221	268
0	0	0	11,308	11,308	0
0	0	0	236,877	236,425	452
0	0	0	0	0	0
250	250	0	250	250	0
250	250	0	664,793	663,651	1,142
51	51	0	(327,413)	(326,271)	1,142
0	0	0	266	266	0
0	0	0	294,171	294,171	0
0	0	0	294,437	294,437	0
51	51	0	(32,976)	(31,834)	1,142
5,371	5,371	0	106,048	106,048	0
0	0	0	5,757	5,757	0
<b>\$5,422</b>	<b>\$5,422</b>	<b>\$0</b>	<b>\$78,829</b>	<b>\$79,971</b>	<b>\$1,142</b>

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	----Proprietary Fund Types----		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Sales	\$226,892	\$0	\$0	\$226,892
Cash Rcv'd from Quasi-External Trans. W/Other Funds	0	110,187	0	110,187
Cash Payments to Suppliers for Goods and Services	(235,929)	(10,703)	0	(246,632)
Cash Payments to Employees for Services	(219,447)	0	0	(219,447)
Cash Payments for Employee Benefits	(102,358)	0	0	(102,358)
Cash Payments for Claims	0	(81,275)	0	(81,275)
Cash Payments for Scholarships	0	0	(250)	(250)
Net Cash Provided by (Used for) Operating Activities	(330,842)	18,209	(250)	(312,883)
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating Grants Received	294,171	0	0	294,171
Net Cash Provided by Noncapital Financing Activities	294,171	0	0	294,171
<b>Cash Flows from Investing Activities:</b>				
Interest on Investments	266	0	301	567
Net Cash Provided by Investing Activities	266	0	301	567
Net Increase (Decrease) in Cash and Cash Equivalents	(36,405)	18,209	51	(18,145)
Cash and Cash Equivalents at Beginning of Year	39,373	67,060	371	106,804
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$2,968</b>	<b>\$85,269</b>	<b>\$422</b>	<b>\$88,659</b>

(continued)

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

	---Proprietary Fund Types---		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	(\$355,854)	\$18,956	\$51	(\$336,847)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Depreciation	1,797		0	1,797
Donated Commodities Used During Year	25,396	0	0	25,396
Non-Expendable Trust Fund Interest	0	0	(301)	(301)
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	443	0	0	443
Decrease in Prepaid Items	725	0	0	725
Increase in Inventory Held for Resale	(1,097)	0	0	(1,097)
Increase in Materials and Supplies Inventory	(1,454)	0	0	(1,454)
Decrease in Intergovernmental Receivable	255	0	0	255
Increase in Accounts Payable	321	0	0	321
Decrease in Accrued Wages	(1,180)	0	0	(1,180)
Increase in Compensated Absences Payable	812	0	0	812
Increase in Deferred Revenue	833	0	0	833
Decrease in Intergovernmental Payable	(1,839)	0	0	(1,839)
Decrease in Claims Payable	0	(747)	0	(747)
Total Adjustments	25,012	(747)	(301)	23,964
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(\$330,842)</b>	<b>\$18,209</b>	<b>(\$250)</b>	<b>(\$312,883)</b>
<b>Reconciliation:</b>				
Cash and Cash Equivalents-All Fiduciary Funds	\$35,165			
Cash and Cash Equivalents-Agency Funds	(34,435)			
Cash and Cash Equivalents-Expendable Trust Funds	(308)			
<b>Cash and Cash Equivalents-Nonexpendable Trust Funds</b>	<b>\$422</b>			

See accompanying notes to the general purpose financial statements.

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**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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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. The district is staffed by 68 non-certificated employees, 1 120 certificated full-time teaching personnel and 13 administrative employees who provide services to 1,719 students and other community members. The School District currently operates 6 instructional buildings, 1 administrative building, 2 maintenance buildings 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, an insurance purchasing pool, and a related organization. These organizations include the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Belmont-Harrison Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Bellaire Library. These organizations are presented in Notes 20, 21, and 22 to the general purpose financial statements.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**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).

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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*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.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**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. 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, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 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.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**C. Budgetary Process**

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

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

*Tax Budget:*

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

By no later than January 20, the Board-adopted budget is filed with the 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 2000. 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.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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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 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 2000, 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 2000. 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, 2000.

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 2000 amounted to \$103,035, which includes \$51,776 assigned from other School District funds.

**BELLAIRE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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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 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, 2000, 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 23 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**BELLAIRE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**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.

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

***Non-Reimbursable Grant***

***Special Revenue Funds***

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

**BELLAIRE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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Grants and entitlements amounted to approximately 68.9 percent of the School District's operating revenue during the 2000 fiscal year.

**J. Interfund Assets/Liabilities**

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

**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.

**BELLAIRE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**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.

**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, purchase of textbooks 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. 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  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

For the year ended June 30, 1999, certain adjustments have resulted in fund equity restatements. The following provides details of this adjustment and the resultant effect on fund equity:

	<u>Enterprise</u>
Retained Earnings at June 30, 1999	\$(48,428)
Restatement to record a fully depreciated fixed asset	<u>(15,940)</u>
Restated Retained Earnings at July 1, 1999	<u><u>\$(64,368)</u></u>

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

At June 30, 2000, the General Fund, Children First, Disadvantaged Pupil Impact Aid, and HRY Transitions Special Revenue Funds had deficit fund balances of \$314,736, \$4,291, \$47,888 and \$2,764, 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.

**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).

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$58,260)	\$217,875	\$80,762	\$7,394,337	(\$127)
Net Adjustment for Revenue Accruals	(111,845)	58,813	160,232	(200,123)	18
Net Adjustment for Expenditure Accruals	(142,487)	(93,914)	0	1,715,053	0
Bond Proceeds	0	0	4,038,000	(4,038,000)	0
Note Proceeds	0	0	4,038,000	0	0
Debt Principal	0	0	(8,076,000)	36,057	0
Debt Interest	0	0	(177,749)	123,524	0
Advances In	0	4,163	0	0	0
Advances Out	0	(4,163)	0	0	0
Encumbrances	(160,450)	(82,958)	0	(16,343,350)	0
Budget Basis	<u>(\$473,042)</u>	<u>\$99,816</u>	<u>\$63,245</u>	<u>(\$11,312,502)</u>	<u>(\$109)</u>

**Net Income (Loss)/Excess Revenues and Other Non-Operating Revenues Over (Under) Expenses  
All Proprietary Fund Types and Similar Trust Funds**

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	(\$36,021)	\$18,956	\$64
Net Adjustment for Revenue Accruals	(24,698)	0	(13)
Net Adjustment for Expenditure Accruals	22,516	(747)	0
Depreciation Expense	1,797	0	0
Encumbrances	(1,100)	(12,588)	0
Budget Basis	<u>(\$37,506)</u>	<u>\$5,621</u>	<u>\$51</u>

**BELLAIRE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**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 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.

**BELLAIRE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

*Deposits* At year end the carrying amount of the School District's deposits was \$1,799,471 and the bank balance was \$2,155,544; \$226,050 was covered by FDIC; \$1,929,494 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. STAROhio 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	\$5,271,246	\$5,271,246	\$5,271,246
StarOhio	0	4,862,285	4,862,285
Total	<u>\$5,271,246</u>	<u>\$10,133,531</u>	<u>\$10,133,531</u>

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 Equivalents/Deposits	Investments
GASB Statement No. 9	\$11,917,055	\$15,947
StarOhio	(4,862,285)	4,862,285
Certificates of Deposit	15,947	(15,947)
Repurchase Agreement	<u>(5,271,246)</u>	<u>5,271,246</u>
GASB Statement No. 3	<u>\$1,799,471</u>	<u>\$10,133,531</u>

**BELLAIRE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**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 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, 2000, are available to finance fiscal year 2000 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, 2000. 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, 2000 was \$125,418 in the General Fund, \$16,032 in the Permanent Improvement Fund, \$23,746 in the Bond Retirement Fund and \$3,100 in the Classroom Maintenance Fund. The amount available as an advance at June 30, 1999 was \$32,668 in the General Fund, \$4,196 in the Permanent Improvement Capital Projects Fund, \$6,229 in the Bond Retirement Fund and \$813 in the Classroom Maintenance Fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$62,521,380	76.3%	\$63,256,740	76.6%
Public Utility	14,921,390	18.2	14,658,230	17.7
Tangible Personal Property	4,471,840	5.5	4,739,490	5.7
<b>Total Assessed Value</b>	<b>\$81,914,610</b>	<b>100.00%</b>	<b>\$82,654,460</b>	<b>100.00%</b>
Tax rate per \$1,000 of Assessed Valuation	\$36.78		\$36.78	

**BELLAIRE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts, and, 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.

A summary of the principal items of intergovernmental receivables follows:

Fund/Description	Amount
General Fund	
Miscellaneous Costs	\$43,998
Special Revenue Funds	
Title I	\$54,355
Miscellaneous Local	\$4,287
Total Special Revenue Funds	\$58,642
Total Intergovernmental Receivables	\$102,640

**NOTE 9 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Asset/Description	Amount
Furniture and Equipment	\$190,760
Vehicles	4,000
Total	194,760
Less: Accumulated Depreciation	(164,622)
Net Fixed Assets	\$30,138

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 07/01/99	Additions	Deletions	Balance at 06/30/00
Land and Improvements	\$610,208	\$607,541	\$17,000	\$1,200,749
Buildings and Improvements	5,389,166	108,648	57,359	5,440,455
Furniture, Fixtures, and Equipment	2,258,655	93,741	42,700	2,309,696
Vehicles	1,349,993	23,526	24,420	1,349,099
Construction in Progress	476,062	2,675,009	0	3,151,071
Textbooks and Library Books	830,799	0	0	830,799
<b>Totals</b>	<b>\$10,914,883</b>	<b>\$3,508,465</b>	<b>\$141,479</b>	<b>\$14,281,869</b>

**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 2000, 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:

Coverage	Amount
Building and Contents-replacement cost (\$500 deductible)	\$61,697,300
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)	1,000,000
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 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 21).

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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 \$11,077 reported in the internal service fund at June 30, 2000 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:

<u>Year</u>	<u>Balance at 07/01/99</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at 06/30/00</u>
1999	\$19,581	\$72,405	\$80,162	\$11,824
2000	11,824	80,528	81,275	11,077

**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 43215-3634.

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 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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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, 2000, 1999 and 1998 were \$69,857, \$83,095, and \$135,635; respectively; 50.88 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$34,311 representing the unpaid contribution for fiscal year 2000, 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, 2000, 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.

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, 2000, 1999 and 1998 were \$303,445, \$281,679, and \$564,509, respectively; 81.44 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$56,670 represents the unpaid contribution for fiscal year 2000 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, 2000, 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, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$404,593 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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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, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, 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 2000 fiscal year equaled \$121,974. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 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 premium for single coverage is \$218.35 and family coverage is \$545.96 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.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 2000 totaled \$36,057 in the governmental funds

The following is a schedule of the future long-term minimum lease payments paid from the General Long-Term Debt Account Group as of June 30, 2000.

Fiscal Year Ended	Amount
June 30, 2001	\$44,390
June 30, 2002	23,891
Total	68,281
Less: Interest Paid on Leases	(4,105)
Present Value of Net Minimum Lease Payments	\$64,176

**NOTE 15 - SHORT TERM OBLIGATIONS**

As of June 30, 2000, the School District had the following note activity within the Capital Projects Fund:

	Interest	Outstanding at 07/01/99	Additions	Reductions	Outstanding at 06/30/00
Classroom Facilities:					
1999 Bond Anticipation Note	3.70%	\$4,038,000	\$0	\$4,038,000	\$0
2000 Bond Anticipation Note	4.17%	0	4,038,000	4,038,000	0
Total		\$4,038,000	\$4,038,000	\$8,076,000	\$0

The School District retired a \$4,038,000, 3.70 percent bond anticipation note during fiscal year 2000 and issued and retired a 4.17% , \$4,038,000 bond anticipation note during fiscal year 2000.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 16 - LONG TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Outstanding at 07/01/99	Additions	Reductions	Outstanding at 06/30/00
School Facilities G.O. Bonds	\$0	\$4,038,000	\$0	\$4,038,000
Capital Leases Payable	100,233	0	36,057	64,176
COLA Payable	158,874	0	63,784	95,090
Intergovernmental Payable	59,229	62,883	59,229	62,883
Compensated Absences Payable	1,486,029	159,836	0	1,645,865
<b>Total</b>	<b><u>\$1,804,365</u></b>	<b><u>\$4,260,719</u></b>	<b><u>\$159,070</u></b>	<b><u>\$5,906,014</u></b>

On February 1, 2000, the School District issued \$4,038,000 in voted general obligation bonds for the purpose of retiring \$4,038,000 in bond anticipation notes that were issued for the purpose of constructing, acquiring, reconstructing, and making additions to classroom facilities under authority of and pursuant to the general laws of the State of Ohio, particularly Chapters 133 and 3318 of the Ohio Revised Code. The bonds were issued for a period of twenty-two years with a final maturity at December 1, 2021. The liability for the bonds is recorded in the General Long-Term Obligations Account Group with annual principal and interest requirements being retired from the debt service fund.

The bond issue consists of serial and term bonds. The term bonds that mature in the year 2021 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2017, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2017	\$250,000
2018	265,000
2019	280,000
2020	295,000

Unless otherwise called for redemption, the remaining \$315,000 principal amount of the Bonds due December 1, 2021 is to be paid at stated maturity.

The bonds maturing on December 1 in each of the years 2010 through 2014 are not subject to optional call for redemption prior to their respective maturity dates.

The bonds maturing on December 1, 2015 and thereafter are subject to optional redemption, in whole or in part on any date and by lot within a maturity, at the option of the School District on or after December 1, 2009 as follows:

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

If fewer than all of the outstanding bonds of a single maturity are called for redemption, the selection of the bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiple thereof, shall be made by lot by the Paying Agent and Registrar in any manner which the Paying Agent and Registrar may determine.

The payment schedule for the bonds, including interest, follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$103,000	\$227,949	\$330,949
2002	100,000	223,585	323,585
2003	110,000	218,883	328,883
2004	115,000	213,649	328,649
2005	120,000	208,038	328,038
2006-23	3,490,000	2,064,073	5,554,073
Totals	\$4,038,000	\$3,156,177	\$7,194,177

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, 2000.

**NOTE 17 - CONTRACTUAL COMMITMENTS**

As of June 30, 2000, the School District had the following contractual purchase commitments:

<u>Project</u>	<u>Total Contract</u>	<u>Payment</u>	<u>Outstanding at 06/30/00</u>
Classroom Facilities	\$17,404,911	\$2,256,786	\$15,148,125

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**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, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Totals</u>
Operating Revenues	\$226,194	\$0	\$226,194
Operating Expenses less Depreciation	580,251	0	580,251
Depreciation Expense	1,797	0	1,797
Operating Loss	(355,854)	0	(355,854)
Donated Commodities	25,396	0	25,396
Operating Grants	294,171	0	294,171
Interest	266	0	266
Net Loss	(36,021)	0	(36,021)
Net Working Capital	(54,586)	904	(53,682)
Total Assets	53,303	904	54,207
Total Equity	(24,448)	904	(23,544)
Encumbrances Outstanding at 06/30/00	1,100	0	1,100

**NOTE 19 – INTERFUND ACTIVITY**

As of June 30, 2000, the Student Services Special Revenue Fund had an interfund receivable in the amount of \$4,163 and the Ohio Family and Children’s First Special Revenue Fund had a corresponding interfund payable in the amount of \$4,163.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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**NOTE 20 - 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 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 2000 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 21 - 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 22 - 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.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 23 - 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. 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.

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Cash Balance as of 06/30/99	\$0	\$0	\$60,163
Current Year Set-Aside Requirement	168,632	168,632	0
Current Year Off-Sets	0	(4,149,195)	0
Qualifying Disbursements	(159,943)	(307,143)	0
Set-Aside Balance Carried Forward to Future Fiscal Years	\$8,689	(\$4,287,706)	\$60,163
Set-Aside Reserve at 06/30/00	\$8,689	\$0	\$60,163

The School District has qualifying disbursements and offsets during the fiscal year that reduced the capital improvements set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$68,852.

**NOTE 24 - 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, 2000, the School District received \$6,772,745 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, 2000, the School District had received \$7,604,209 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.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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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 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. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "the mandate of the (Ohio) Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven "major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case until at least June 15, 2001.

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 25 - 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, 2000.

**B. Litigation**

The School District is not party to legal proceedings.

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor Pass-Through Grantor Program Title	Pass Through Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>U.S. Department of Agriculture</b>						
<i>Passed Through State Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	NA	10.550	\$	\$25,117	\$	\$25,396
School Breakfast Program	043570-05PU-00	10.553	63,978		63,978	
National School Lunch Program	043570-0304PU-00	10.555			209,395	
Total U.S. Department of Agriculture/Nutrition Cluster			<u>63,978</u>	<u>25,117</u>	<u>273,373</u>	<u>25,396</u>
<b>U.S. Department of Education</b>						
<i>Passed Through State Department of Education:</i>						
Educationally Deprived Children - Local Educational Agencies Title I	043570-C1S1-99/00	84.010	591,935		542,349	
Handicapped - State Grants (Part B, Education of the Handicapped Act)	043570-6BSF-99/00F	84.027	161,684		142,598	
Vocational Education - Basic Grants to State VEPD	FY00	84.048			5,441	
Drug Free Schools and Communities Grant	043570-DRS1-97/99	84.186	50,505		44,246	
Goals 2000 Grant/Performance Incentive Grant	043570-G2S1-96C/99	84.276	29,635		53,270	
Eisenhower Professional Development State Grant	MSS1-98/00	84.281	37,858		34,535	
Innovative Educational Program Strategies - Title VI	043570-C2S1-98/00	84.298	11,935		16,086	
Title VI-R, Class Size Reduction	043570-CRS1-00	84.340	52,501		34,963	
Total U. S. Department of Education			<u>936,053</u>	<u>0</u>	<u>873,488</u>	<u>0</u>
<b>U.S. Department of Health and Human Services</b>						
<i>Passed Through State Department of Mental Retardation and Developmental Disabilities:</i>						
Medicaid, Title XIX	894573	93.778	46,698		46,698	
<i>Passed Through the State Department of Alcohol and Drug Addiction Services:</i>						
Block Grants for Prevention and Treatment of Substance Abuse	DFSP999624	93.959	102,500		102,838	
Total U. S. Department of Health and Human Services			<u>149,198</u>	<u>0</u>	<u>149,536</u>	<u>0</u>
<b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>			<b><u>\$1,149,229</u></b>	<b><u>\$25,117</u></b>	<b><u>\$1,296,397</u></b>	<b><u>\$25,396</u></b>

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

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the School 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, 2000, the School District had no significant food commodities in inventory.

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

743 East State Street  
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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 34<sup>th</sup> 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, 2000, and have issued our report thereon dated December 11, 2000. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the School District in a separate letter dated December 11, 2000.

### 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.

This report is intended for the information and use of the audit committee, the 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 11, 2000



**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 34<sup>th</sup> 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 its major federal programs for the year ended June 30, 2000. 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 its major federal programs are 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 its major federal programs for the year ended June 30, 2000.

**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.

This report is intended for the information and use of the audit committee, the 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 11, 2000

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000**

**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>	No
<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>	Nutrition Cluster - CFDA #10.550, #10.553, #10.555; Title I, Part A, IASA - CFDA #84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type AIB Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)**

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

**BELLAIRE CITY SCHOOL DISTRICT  
BELMONT COUNTY  
JUNE 30, 2000**

**SCHEDULE OF PRIOR AUDIT FINDING  
OMB CIRCULAR A-133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
1999-11007-001	The Self-Insurance Fund reflected expenditures in excess of appropriations at the defined legal level of control, in violation of Ohio Rev. Code Section 5705.41(B).	Yes	N/A





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 06, 2001**