



**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups June 30, 2000	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds For the Year Ended June 30, 2000	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types For the Year Ended June 30, 2000	8
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/ Fund Balance All Proprietary Fund Types and Non Expendable Trust Funds For the Year Ended June 30, 2000	10
Combined Statement of Cash Flows - All Proprietary Fund Types and Non Expendable Trust Funds For the Year Ended June 30, 2000	11
Notes to the General - Purpose Financial Statements	13
Schedule of Federal Awards Expenditures	40
Notes to the Schedule of Federal Awards Expenditures	41
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	43
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	45
Schedule of Findings	47
Schedule of Prior Audit Findings	52

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Bellefontaine City School District, Logan County, (the 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 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 Bellefontaine City School District, Logan 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 funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards 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 a whole.

Jim Petro
Auditor of State

January 22, 2001

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**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$3,066,606	\$359,669	\$494,561	\$9,263,405
Investments:				
Investments	0			
Receivables:				
Taxes	6,574,535		1,199,278	205,737
Accounts	6,914	90,808		
Intergovernmental	11,185	25,000		
Accrued Interest	1,053			
Interfund Receivable	183,865			
Materials and Supplies Inventory				
Prepaid Items	27,281			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	259,204			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount in Debt Service Fund for Retirement of Provided from General Government Resources				
Total Assets and Other Debits	<u>\$10,130,643</u>	<u>\$475,477</u>	<u>\$1,693,839</u>	<u>\$9,469,142</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$18,023	\$20,036	\$0	\$0
Accrued Wages and Benefits	1,600,137	57,480		
Compensated Absences Payable	15,827			
Interfund Payable	0	183,865		
Intergovernmental Payable	241,481	11,860		
Deferred Revenue	6,625,289		1,137,116	194,490
Due to Students	0			
Claims Payable	0			
Energy Conservation Loan Payable	0			
General Obligation Bonds Payable	0			
Total Liabilities	<u>8,500,757</u>	<u>273,241</u>	<u>1,137,116</u>	<u>194,490</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	71,009	64,982		9,296,809
Reserved for Prepaid Items	27,281			
Reserved for Debt Service Principal			494,561	
Reserved for Trust Principal				
Reserved for Property Taxes	298,422		62,162	11,247
Reserved for Textbooks & Instructional Materials	60,346			
Reserved for Budget Stabilization	198,858			
Unreserved:				
Unreserved, Undesignated	973,970	137,254		(33,404)
Total Fund Equity and Other Credits	<u>1,629,886</u>	<u>202,236</u>	<u>556,723</u>	<u>9,274,652</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$10,130,643</u>	<u>\$475,477</u>	<u>\$1,693,839</u>	<u>\$9,469,142</u>

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$2,659	\$258,045	\$182,087	\$0	\$0	\$13,627,032
		9,489			9,489
					7,979,550
491	224	213			98,650
33,598					69,783
					1,053
					183,865
37,322					37,322
					27,281
					259,204
292,758			14,970,592		15,263,350
(218,249)					(218,249)
				597,605	597,605
				13,940,824	13,940,824
<u>\$148,579</u>	<u>\$258,269</u>	<u>\$191,789</u>	<u>\$14,970,592</u>	<u>\$14,538,429</u>	<u>\$51,876,759</u>
\$30	\$0	\$0	\$0	\$0	\$38,089
57,302					1,714,919
25,383				1,280,262	1,321,472
					183,865
31,874				132,959	418,174
26,964					7,983,859
		113,380			113,380
	220,931				220,931
				480,000	480,000
				12,645,208	12,645,208
<u>141,553</u>	<u>220,931</u>	<u>113,380</u>	<u>0</u>	<u>14,538,429</u>	<u>25,119,897</u>
			14,970,592	0	14,970,592
7,026	37,338		0	0	44,364
			0	0	9,432,800
			0	0	27,281
			0	0	535,443
		30,000	0	0	30,000
			0	0	371,831
			0	0	60,346
			0	0	198,858
		48,409	0	0	1,085,347
<u>7,026</u>	<u>37,338</u>	<u>78,409</u>	<u>14,970,592</u>	<u>0</u>	<u>26,756,862</u>
<u>\$148,579</u>	<u>\$258,269</u>	<u>\$191,789</u>	<u>\$14,970,592</u>	<u>\$14,538,429</u>	<u>\$51,876,759</u>

BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY

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

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Intergovernmental	\$8,362,383	\$1,094,158
Interest	256,421	
Tuition and Fees	10,475	
Extracurricular Activities		175,529
Gifts and Donations		99,708
Property & Other Local Taxes	5,912,750	
Miscellaneous	108,542	213,871
Total Revenues	14,650,571	1,583,266
Expenditures:		
Instruction:		
Regular	7,398,359	456,382
Special	1,534,838	343,120
Vocational	561,417	
Other	166,836	9,515
Support services:		
Pupils	523,765	60,011
Instructional Staff	604,299	486,543
Board of Education	96,662	5,873
Administration	1,211,327	92,133
Fiscal	282,967	
Business	177,248	
Operation and Maintenance of Plant	1,426,493	36,080
Pupil Transportation	372,300	
Central	175,604	17,324
Non-Instructional Services	5,276	414
Extracurricular activities	244,620	181,105
Capital Outlay	140	
Debt Service:		
Debt Service - Principal		
Debt Service - Interest		
Total Expenditures	14,782,151	1,688,500
Excess of Revenues Over (Under) Expenditures	(131,580)	(105,234)
Other Financing Sources and Uses		
Operating Transfers In		4,464
Proceeds from Sale of Bonds		
Other Financing Sources		
Operating Transfers Out	(97,579)	(4,464)
Other Financing Uses		
Total Other Financing Sources (Uses)	(97,579)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(229,159)	(105,234)
Fund Balance at Beginning of Year	1,859,045	307,470
Fund Balance at End of Year	\$1,629,886	\$202,236

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

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
\$75,531	\$47,948	\$0	\$9,580,020
	414,821	1,484	672,726
			10,475
		6,542	182,071
			99,708
805,547	209,248		6,927,545
		672	323,085
<u>881,078</u>	<u>672,017</u>	<u>8,698</u>	<u>17,795,630</u>
	29,201		7,883,942
		32	1,877,990
			561,417
			176,351
		1,289	585,065
			1,090,842
			102,535
			1,303,460
15,135	3,671		301,773
			177,248
	426,639		1,889,212
			372,300
		5,840	198,768
		700	6,390
			425,725
	331,426		331,566
465,000			465,000
580,009			580,009
<u>1,060,144</u>	<u>790,937</u>	<u>7,861</u>	<u>18,329,593</u>
<u>(179,066)</u>	<u>(118,920)</u>	<u>837</u>	<u>(533,963)</u>
90,113			94,577
	9,070,000		9,070,000
137,788	40,882		178,670
			(102,043)
<u>(137,788)</u>			<u>(137,788)</u>
<u>90,113</u>	<u>9,110,882</u>	<u>0</u>	<u>9,103,416</u>
(88,953)	8,991,962	837	8,569,453
645,676	282,690	41,742	3,136,623
<u>\$556,723</u>	<u>\$9,274,652</u>	<u>\$42,579</u>	<u>\$11,706,076</u>

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

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

	Governmental Fund Types					
	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$7,699,421	\$8,364,549	\$665,128	\$1,455,635	\$1,082,788	(\$372,847)
Interest	186,785	255,960	69,175			
Tuition and Fees	14,788	13,320	(1,468)			
Extracurricular Activities				148,103	176,266	28,163
Gifts and Donations				99,708	99,708	
Property & Other Local Taxes	6,820,727	6,312,680	(508,047)			
Miscellaneous	56,036	108,542	52,506	243,942	123,908	(120,034)
Total Revenues	<u>14,777,757</u>	<u>15,055,051</u>	<u>277,294</u>	<u>1,947,388</u>	<u>1,482,670</u>	<u>(464,718)</u>
Expenditures:						
Current:						
Instruction:						
Regular	7,681,093	7,606,852	74,241	568,836	486,453	82,383
Special	1,466,214	1,563,051	(96,837)	451,010	360,703	90,307
Vocational	579,487	586,201	(6,714)			
Other	176,351	166,836	9,515	9,515	9,515	
Support services:						
Pupils	668,071	562,686	105,385	64,827	61,639	3,188
Instructional Staff	639,515	627,607	11,908	720,957	519,132	201,825
Board of Education	155,542	114,284	41,258	5,872	5,873	(1)
Administration	1,275,013	1,234,667	40,346	106,556	96,211	10,345
Fiscal	295,383	281,620	13,763	750		750
Business	184,602	179,358	5,244			
Operation and Maintenance of Plant	1,449,493	1,416,302	33,191	56,323	40,478	15,845
Pupil Transportation	344,120	372,804	(28,684)	1,081		1,081
Central	182,709	184,684	(1,975)	21,788	17,518	4,270
Non-Instructional Services	8,606	5,345	3,261	1,000	1,001	(1)
Extracurricular activities	247,346	244,703	2,643	203,976	181,590	22,386
Capital Outlay	175	140	35			
Debt Service						
Debt Service - Principal						
Debt Service - Interest						
Contingencies	137		137			
Total Expenditures	<u>15,353,857</u>	<u>15,147,140</u>	<u>206,717</u>	<u>2,212,491</u>	<u>1,780,113</u>	<u>432,378</u>
Excess of Revenues Over (Under) Expenditures	<u>(576,100)</u>	<u>(92,089)</u>	<u>484,011</u>	<u>(265,103)</u>	<u>(297,443)</u>	<u>(32,340)</u>
Other Financing Sources and Uses						
Premium & Accrued Interest						
Sale of Bonds						
Refund of Prior Year Expenditures						
Transfers In				4,464	4,464	
Other Financing Sources						
Operating Transfers Out	(101,142)	(97,579)	3,563	(4,464)	(4,464)	
Other Financing Uses						
Refund of Prior Year Receipts				(8,136)	(8,136)	
Total Other Financing Sources (Uses)	<u>(101,142)</u>	<u>(97,579)</u>	<u>3,563</u>	<u>(8,136)</u>	<u>(8,136)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(677,242)</u>	<u>(189,668)</u>	<u>487,574</u>	<u>(273,239)</u>	<u>(305,579)</u>	<u>(32,340)</u>
Fund Balances at Beginning of Year	3,539,116	3,539,116		275,306	275,306	
Fund Balance at end of Year	<u>\$2,861,874</u>	<u>\$3,349,448</u>	<u>\$487,574</u>	<u>\$2,067</u>	<u>(\$30,273)</u>	<u>(\$32,340)</u>

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

Debt Service			Governmental Fund Types Capital Projects		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$90,112	\$75,531	(\$14,581)	\$107,904 326,254	\$47,948 327,046	(\$59,956) 792
853,992	778,461	(75,531)	216,383 10,070,000	198,001	(18,382) (10,070,000)
<u>944,104</u>	<u>853,992</u>	<u>(90,112)</u>	<u>10,720,541</u>	<u>572,995</u>	<u>(10,147,546)</u>
			33,719	30,297	3,422
			427		427
15,134	15,135	(1)	5,000	3,671	1,329
			512,698	463,943	48,755
			10,096,622	9,603,857	492,765
465,000 598,406	465,000 580,009	18,397			
<u>1,078,540</u> <u>(134,436)</u>	<u>1,060,144</u> <u>(206,152)</u>	<u>18,396</u> <u>(71,716)</u>	<u>10,648,466</u> <u>72,075</u>	<u>10,101,768</u> <u>(9,528,773)</u>	<u>546,698</u> <u>(9,600,848)</u>
	137,788	(137,788)	40,882 9,070,000	40,882 9,070,000	0
90,113	90,113				
	(137,788)	137,788			
<u>90,113</u>	<u>90,113</u>	<u>0</u>	<u>9,110,882</u>	<u>9,110,882</u>	<u>0</u>
(44,323)	(116,039)	(71,716)	9,182,957	(417,891)	(9,600,848)
<u>610,600</u> <u>\$566,277</u>	<u>610,600</u> <u>\$494,561</u>	<u>(71,716)</u>	<u>55,737</u> <u>\$9,238,694</u>	<u>55,737</u> <u>(\$362,154)</u>	<u>(\$9,600,848)</u>

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:				
Sales	\$481,566	\$0	\$0	\$481,566
Charges for Services		1,722,266		1,722,266
Interest			2,632	2,632
Total Operating Revenues	<u>481,566</u>	<u>1,722,266</u>	<u>2,632</u>	<u>2,206,464</u>
Operating Expenses:				
Salaries	269,289			269,289
Fringe Benefits	125,903			125,903
Purchased Services	5,160	1,882,686		1,887,846
Materials and Supplies	403,474			403,474
Depreciation	6,086			6,086
Other	921		1,550	2,471
Total Operating Expenses	<u>810,833</u>	<u>1,882,686</u>	<u>1,550</u>	<u>2,695,069</u>
Operating Income (Loss)	<u>(329,267)</u>	<u>(160,420)</u>	<u>1,082</u>	<u>(488,605)</u>
Non-Operating Revenues (Expenses):				
Federal Donated Commodities	49,180			49,180
Interest	1,001	11,506		12,507
Federal and State Subsidies	264,286			264,286
Total Non-Operating Revenues and Expenses	<u>314,467</u>	<u>11,506</u>	<u>0</u>	<u>325,973</u>
Net Income (Loss) Before Operating Transfers	<u>(14,800)</u>	<u>(148,914)</u>	<u>1,082</u>	<u>(162,632)</u>
Operating Transfers-In	7,466			7,466
Net Income (Loss)	<u>(7,334)</u>	<u>(148,914)</u>	<u>1,082</u>	<u>(155,166)</u>
Retained Earnings/Fund Balances at July 1	<u>14,360</u>	<u>186,252</u>	<u>34,748</u>	<u>235,360</u>
Retained Earnings/Fund Balances at June 30	<u>\$7,026</u>	<u>\$37,338</u>	<u>\$35,830</u>	<u>\$80,194</u>

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

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

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received from Sales	\$481,075	\$0	\$0	\$481,075
Cash Received from Charges for Services		1,729,095		1,729,095
Cash Payments to Suppliers for Goods and Service	(358,003)			(358,003)
Cash Payments for Contract Services	(5,160)	(1,841,978)		(1,847,138)
Cash Payments for Employee Services	(278,168)			(278,168)
Cash Payments for Employee Benefits	(122,891)			(122,891)
Other Cash Payments	(609)		(1,550)	(2,159)
Net Cash Provided (Used) for Operating Activities	<u>(283,756)</u>	<u>(112,883)</u>	<u>(1,550)</u>	<u>(398,189)</u>
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	271,915			271,915
Transfers In	7,466			7,466
Net Cash Provided (Used) by Noncapital Financing Activities	<u>279,381</u>	<u>0</u>	<u>0</u>	<u>279,381</u>
Cash Flows from Investing Activities:				
Interest Received	1,001	11,506	2,632	15,139
Net Increase (Decrease) in Cash and Cash Equivalents	(3,374)	(101,377)	1,082	(103,669)
Cash and Cash Equivalents at Beginning of Year	6,033	359,422	34,748	400,203
Cash and Cash Equivalents at End of Year	<u>\$2,659</u>	<u>\$258,045</u>	<u>\$35,830</u>	<u>\$296,534</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:				
Operating Income (Loss)	(\$329,267)	(\$160,420)	\$1,082	(\$488,605)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:				
Depreciation	6,086			6,086
Donated Commodities Used During the Year	49,180			49,180
Nonexpendable Trust Interest			(2,632)	(2,632)
Changes in Assets and Liabilities:				
Material and Supplies Inventory	(1,173)			(1,173)
Accounts Receivable	(179)	6,829		6,650
Compensated Absences Payable	(468)			(468)
Intergovernmental Payable	570			570
Claims Payable	0	40,708		40,708
Deferred Revenue	1,775			1,775
Accrued Wages and Benefits	(5,969)			(5,969)
Accounts Payable	(4,311)			(4,311)
Net Cash Provided (Used) for Operating Activities	<u>(\$283,756)</u>	<u>(112,883)</u>	<u>(\$1,550)</u>	<u>(\$398,189)</u>
Total Cash and Cash Equivalents - Trust and Agency	\$182,087			
Cash and Cash Equivalents - Agency Fund	(113,167)			
Cash and Cash Equivalents - Expendable Trust	<u>(33,090)</u>			
Cash and Cash Equivalents - Non-Expendable Trust			<u>\$35,830</u>	

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

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**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL - PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District is the 168 largest in the state of Ohio (among 611 school districts) in terms of enrollment. It currently operates four elementary schools, one middle school, one comprehensive high school, and one administrative building. The District is staffed by 108 non-certificated employees, 210 certificated employees to provide services to approximately 2,873 students and other community members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 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 District's significant accounting policies are described below.

A. The Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, "*The Financial Reporting Entity*". For financial reporting purposes, management has considered all potential component units by applying the criteria set forth in GASB Statement 14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the Board's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units that should be blended or discretely presented in the financial statements of the District.

The District is associated with three organizations. Two being defined as a jointly governed organizations and one as an insurance purchasing pool. These organizations include the Ohio Hi-Point Career Center, the West Central Ohio Special Education Regional Resource Center, and the Ohio School Boards Association Worker's Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Measurement Focus and Basis of Accounting

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and management requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The District has the following fund types and account groups:

1. Governmental Funds

Governmental Funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means collectible within the current period or soon thereafter to pay liabilities of the current period. The government considers all revenues to be available if they are collected within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, interest, tuition, student fees and rent are susceptible to accrual. Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available as well as tax advances available at June 30, 2000 but not yet taken are recognized as revenue. Other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

General Fund

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expenditures for specified purposes.

Debt Service Fund

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

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

2. Proprietary Funds

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", the District follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Opinions and Interpretations, Accounting Standards Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with, or contradict GASB pronouncements. Proprietary funds include the following fund types:

Enterprise Fund Types

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

Internal Service Fund Types

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Trust funds account for assets held by the District under the terms of a formal trust agreement.

Expendable Trust Funds

The Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets when both the principal and interest may be spent.

Nonexpendable Trust Funds

The Nonexpendable Trust Fund is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent.

Agency Funds

Agency Funds are custodial in nature and do not involve results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity.

4. Account Groups

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

C. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds within an established specific 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 appropriation 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 fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Tax Budget

Prior to January 15 of the preceding year, 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 expressed 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 Logan County Budget Commission for tax rate determination.

2. Estimated Resources

Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 1999.

3. Appropriations

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on the final assessed values of tax rates or a certificate saying that no new certificate is necessary, by October 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. Prior to passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the 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. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, supplemental appropriations were legally enacted.

The budgetary figures which appear in the statements of budgetary comparison represent the final appropriation amounts, including all supplemental appropriations.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting for governmental funds.

5. Lapsing of Appropriations

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

D. Cash and Investments

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

During fiscal year 2000, investments were limited to STAR Ohio, repurchase agreements, certificates of deposit, and liquid asset management account. 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 District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 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 \$255,960, which includes \$34,278 earned from balances in other school district funds. For purposes of the combined statements 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 District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Interfund Loans Receivable/Payable."

F. Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventoried items is recognized as an expenditure when purchased in governmental funds and an expense when used in proprietary funds. The total of inventories at year-end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

G. Property, Plant, and Equipment; and Depreciation

1. General Fixed Assets Account Group

General fixed assets used in governmental fund types of the District are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$250 and a useful life of less than five years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

2. Proprietary Funds

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

Asset	Life (years)
Furniture, Fixtures and Equipment	5-20

H. Intergovernmental Revenues

Intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlement, 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 entitlement for proprietary fund operations are recognized as non-operating revenues in the accounting year in which they are earned and become measurable.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Entitlements

General Fund

- State Foundation Program
- State Bus Purchase Program
- State Property Tax Relief
- Special Revenue Funds
- Education Management Information System (EMIS)

Non-Reimbursable Grants

Special Revenue Funds

- School Improvement Models
- Disadvantaged Pupil Program Fund (DPPF)
- Teacher Development
- Parent Project
- Disadvantaged Pupil Impact Aid (DPIA)
- SchoolNet Professional Development
- Ohio Reads
- School Net Subsidy
- Education for Economic Security
- Title VI-B
- Title I
- Title VI
- Drug Free Schools
- Telecommunications Act
- Reducing Class Size
- Miscellaneous Federal Grants
- Eisenhower Grant

Capital Project Funds

- SchoolNet

Debt Service Funds

- Bond Retirement
- Permanent Improvement
- Emergency Repair

Reimbursable Grants

- General Fund
- Vocational Education Travel/Salary
- Capital Project Funds
- Vocational Equipment

Enterprise Funds

- National School Lunch Program
- National School Milk Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 49% of the District's operating revenues during the 2000 fiscal year.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations

Long term debt is recognized as a liability of a government fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the General Long-Term Obligation Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

J. Compensated Absences

The District has implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means such as cash payment at termination or retirement. Severance benefits are accrued using the vesting method.

The liability for severance payments is based upon the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive severance termination payments, as well as those employees expected to become eligible in the future.

The total liability for vacation and termination payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable salary related payments. The District has recorded a liability in the General Long Term Debt Account Group for the vesting termination benefits for all employees within 10 years of retirement.

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental Fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligation Account Group. In proprietary funds, the entire amount of eligible compensated absences is reported as a fund liability.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Prepayments

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.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts revenues required by statute to be set-aside by the School District for the purchase of textbooks, and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. Fund Balance Reserves

The School District reserves 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, property taxes, budget stabilization, textbook purchases, pre-paids, debt service principal, and for trust principal. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation 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 trust principal signifies the legal restrictions on the use of principal.

O. 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.

P. Memorandum Only - Total Columns

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they do not represent consolidated financial information and 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. Interfund eliminations have not been made in the aggregation of this data.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Equity

Fund balances and/or fund equity/retained earnings at June 30, 2000, included the following individual deficits:

	Deficit fund balance/ Retained Earnings
Special Revenue Funds	
Management Information Systems	\$ 2,351
DPIA	718
Title I	26,074
Reducing Class Size	44,718
Miscellaneous Federal Grants	7,027

The above fund deficits did not exist on the cash basis of accounting in accordance with Ohio Law. These GAAP fund balance deficits will be funded by anticipated future revenues not recognized and recorded at June 30.

4. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". In addition, the District utilizes a financial institution to service bonded debt as principal and interest payments come due.

Legal Requirements: Statutes require the classification of monies held by the District into three categories:

Active Monies: Those monies required to be kept in a "cash" or "near-cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) account, or in money market deposit accounts.

Inactive Monies: Those monies not required for use within the current two year period of designation of depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

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 or interest by the United States;

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 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);

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

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

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

At fiscal year end, the School District had \$100 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

Deposits: At year end, the carrying amount of the District's deposits was \$2,902,856 and the bank balance was \$3,278,794. Of the bank balance \$350,000 was covered by federal depository insurance and \$2,928,794 was uncollateralized with securities held by its agent but not in the District's name. All deposits were in institutions who are members of the Federal Reserve System.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: The District's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart or by its trust department but not in the District's name. The District's investment in Star Ohio, which is the State Treasurer's Investment Pool and deferred compensation, is not categorized because it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Cost Value	Fair Value
Repurchase Agreements	\$ 1,281,458	\$ 1,281,458	\$ 1,281,458
Star Ohio		185,608	185,608
Liquid Asset Management	<u>9,437,927</u>	<u>9,437,927</u>	<u>9,525,703</u>
Total Investments	<u>\$10,719,385</u>	<u>\$10,904,993</u>	<u>\$10,992,769</u>

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined Balance Sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash Equivalents	Pooled Cash and Investments
Combined Balance Sheet	\$13,886,236	\$ 9,489
Cash	(100)	
Certificate of Deposit	9,489	(9,489)
Investments:		
Repurchase Agreements	(1,281,458)	1,281,458
Star Ohio	(185,608)	185,608
Liquid Asset Management	<u>(9,525,703)</u>	<u>9,525,703</u>
Per GASB Statement 3	<u>\$ 2,902,856</u>	<u>\$10,992,769</u>

5. INTERFUND ASSETS/LIABILITIES

Interfund Receivables/Payables at June 30, 2000:

	Receivables	Payables
General Fund	\$183,865	\$ 0
Special Revenue		
Other Miscellaneous Grants		91,506
Title I		4,585
Reducing Class Size		43,445
Miscellaneous Federal Grants		44,329
Totals	<u>\$183,865</u>	<u>\$183,865</u>

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES

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

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property railroads which are assessed at 29%. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value.

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

	1999 Second-Half		2000 First-Half	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real	\$172,119,170	75%	\$174,101,240	76%
Public Utility	14,489,140	7	13,809,150	6
Tangible Personal Property	41,636,683	18	40,610,468	18
Total Assessed Value	<u>\$228,244,993</u>	<u>100%</u>	<u>\$228,520,858</u>	<u>100%</u>
Tax Rate per \$1,000 of assessed valuation	\$44.23		\$44.23	

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

The Logan County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portions of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$298,422 in the general fund, \$62,162 in the Debt Service Fund, and \$11,247 in the Capital Projects Fund.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts (rent and student fees), interest, and intergovernmental grants and entitlements. 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 year guarantee of Federal funds.

	Amounts
<u>General Fund</u>	
Taxes - Current & Delinquent	\$6,574,535
Intergovernmental - State & Federal	11,185
Accounts	6,914
Accrued Interest	1,053
Interfund	183,865
<u>Special Revenue Fund</u>	
Intergovernmental - State & Federal	25,000
Accounts	90,808
<u>Debt Service Fund</u>	
Taxes - Current & Delinquent	1,199,278
<u>Permanent Improvement Fund</u>	
Taxes - Current & Delinquent	<u>205,737</u>
Grand Total	<u>\$8,298,375</u>

8. PROPERTY, PLANT, AND EQUIPMENT

A summary of the changes in the General Fixed Asset Account Group during the fiscal year follows:

	Balance July 1, 1999	Increases	Decreases	Balance June 30, 2000
Land/Improvements	\$ 601,188	\$ 0	\$ 0	\$ 601,188
Building	8,383,657	0	0	8,383,657
Furniture/Equipment	4,935,339	352,644	(3,337)	5,284,646
Buses	590,385	0	0	590,385
Vehicles	<u>110,716</u>	<u>0</u>	<u>0</u>	<u>110,716</u>
Total	<u>\$14,621,285</u>	<u>\$352,644</u>	<u>\$(3,337)</u>	<u>\$14,970,592</u>

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. PROPERTY, PLANT, AND EQUIPMENT (Continued)

A summary of the Proprietary Fund fixed assets at June 30, 2000 follows:

	Enterprise Funds
Property, Plant and Equipment	\$ 292,758
Additions/Deletions	<u>0</u>
Total Property, Plant and Equipment	<u>\$ 292,758</u>
Less Accumulated Depreciation	(218,249)
Net Fixed Assets-Proprietary Fund	<u>\$ 74,509</u>

9. LONG TERM DEBT

All current obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligation Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. The source of payment is derived from current 2.70 mill and current 2.60 mill bonded debt facilities tax levies.

A. The following is a description of the District's bonds outstanding as of June 30, 2000:

	Interest Rates	Issue Date	Maturity Date	Bonds Outstanding 07/01/99	Issues In 2000	Retired In 2000	Bonds Outstanding 06/30/00
Facilities	4.87%	11/93	12/11	\$3,803,175	\$172,033	\$400,000	\$3,575,208

In December 1993, the District issued \$4,923,935 bonds for the purpose of advance refunding bonds titled "Bellefontaine City School District, Logan County, Ohio General Obligation Bonds", dated March 1, 1990, in the original principal amount of \$5,300,000, issued for the purpose of renovating the middle school, furnishing and equipping the same and improving the site thereof, and removing asbestos at various school buildings. The bonds were issued for an eighteen year period with final maturity at December 1, 2011. The bond issue consisted of \$4,000,000 of Current Interest Serial Bonds with interest rates ranging from 2.65 to 4.40% and \$923,935 Capital Appreciation Serial Bonds with stated interest rates ranging from 10.3 to 10.4% (or the rate that, when applied to the original principal amount, compounded semi-annually results in the maturity amount) for an approximate yield to maturity of 5.1% to 5.6%. The bonds will be retired from the debt service fund.

The Current Interest Serial Bonds will bear interest, payable on June 1 and December 1 of each year, beginning June 1, 1994 until maturity or earlier redemption. The Capital Appreciation Bonds will bear interest, compounded semiannually on June 1 and December 11 (the "Interest Accretion Dates"), from the date of their issuance, but the interest will be payable only at maturity.

The Capital Appreciation bonds will mature in fiscal years 2004 to 2011. The maturity amount of the bonds is \$1,785,208. For fiscal year 2000, \$172,033 was accreted for a total bond value of \$1,785,208.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. LONG TERM DEBT (Continued)

Mandatory sinking Fund Redemption

The Current Interest bonds maturing on December 1, 2003 (Current Interest Term Bonds) are subject to mandatory sinking fund redemption to occur on December 1, 2002 in the principal amount of \$455,000 (with the balance of \$470,000 to be paid at stated maturity on December 1, 2008) at a redemption price equal to 100% of the principal amount redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory requirement.

Purpose	Interest Rates	Issue Date	Maturity Date	Bonds		Bonds	
				Outstanding 07/01/99	Issues In 2000	Retired In 2000	Outstanding 06/30/00
Facilities	5.35%	06/99	12/26	\$ 0	\$9,070,000	\$ 0	\$9,070,000

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

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

The bonds maturing on December 1, 2026 are subject to mandatory sinking fund redemption prior to stated maturity.

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

Year Ending June 30	Principal on General Obligation Bonds	Interest on General Obligation Bonds	Total
2001	\$ 450,000	\$ 557,001	\$ 1,007,001
2002	465,000	538,277	1,003,277
2003	590,000	516,057	1,106,057
2004	615,000	489,956	1,104,956
2005	460,029	653,022	1,113,051
2006-2010	2,260,580	3,514,980	5,775,560
2011-2015	1,819,599	2,541,136	4,360,735
2016-2020	2,130,000	1,395,637	3,525,637
2021-2025	2,600,000	718,024	3,318,024
2026-2027	<u>1,255,000</u>	<u>69,988</u>	<u>1,324,988</u>
Total	<u>\$12,645,208</u>	<u>\$10,994,078</u>	<u>\$23,639,286</u>

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. LONG TERM DEBT (Continued)

C. The following is a description of the District's long-term note transactions for the year ended June 30, 2000:

Purpose	Interest Rates	Issue Date	Maturity Date	Notes		Notes
				Outstanding July 1, 1999	Retired In 2000	Outstanding June 30, 2000
Energy Conservation	4.90%	12/95	12/05	\$545,000	\$65,000	\$480,000

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

Year Ending June 30	Principal on Energy Conservation Notes	Interest on Energy Conservation Notes	Total
2001	\$ 70,000	\$21,805	\$ 91,805
2002	75,000	18,253	93,253
2003	80,000	14,455	94,455
2004	80,000	10,535	90,535
2005	85,000	6,493	91,493
2006	<u>90,000</u>	<u>2,205</u>	<u>92,205</u>
Total	<u>\$480,000</u>	<u>\$73,746</u>	<u>\$553,746</u>

E. In December 1993, the District defeased a bond issue by creating an irrevocable escrow account. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow account. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's General Long-Term Obligation Account Group. As of June 30, 2000, the amount of defeased debt outstanding but removed from the General Long-Term Obligation Account Group amounted to \$3,630,000. Assets of \$4,088,878 were held in the irrevocable escrow account.

F. The following is a summary of the District's total debt for the fiscal year ending June 30, 2000.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. LONG TERM DEBT (Continued)

	July 1, 1999 Beginning Balance	Additions	Deletions	June 30, 2000 Ending Balance
<u>Bonds & Notes Payable:</u>				
1993 School Improvement Bonds	\$2,190,000	\$0	\$400,000	\$1,790,000
1993 Capital Appreciation Bonds	1,613,175	172,033		1,785,208
1999 School Improvement Bonds		<u>9,070,000</u>		<u>9,070,000</u>
Total Bonds Payable	3,803,175	9,242,033	400,000	12,645,208
Energy Conservation Notes	<u>545,000</u>	<u>0</u>	<u>65,000</u>	<u>480,000</u>
Total Bonds & Notes Payable	4,348,175	9,242,033	465,000	13,125,208
<u>Other Long Term Obligations:</u>				
Termination Benefits	1,202,921	(13,491)	0	1,189,430
Vacation	95,696	(4,864)	0	90,832
Intergovernmental Payable	102,961	29,998	0	132,959
Total Other Obligations	1,401,578	(11,643)	0	1,413,221
Total Long-term Obligations	<u>\$5,749,753</u>	<u>\$9,253,676</u>	<u>\$465,000</u>	<u>\$14,538,429</u>

The July 1, 1999 beginning balance for the 1993 bonds has been revised to separately show the capital appreciation bonds. In addition the amounts accreted for the prior years have been added to the beginning balance for the capital appreciation bonds.

- G.** The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$9,277,502 (including available funds of \$556,723) and an unvoted debt margin of \$228,521.

10. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two Enterprise funds to account for the operations of the Food Service and Uniform Supply Funds. Selected segment information for the year ended June 30, 2000 is as follows:

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. SEGMENT INFORMATION - ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	Total
Operating Revenue	\$407,611	\$73,955	\$481,566
Exp. Before Depreciation	726,598	78,149	804,747
Depreciation Expense	6,086	0	6,086
Operating Income (Loss)	(325,073)	(4,194)	(329,267)
Operating Grants	313,466	0	313,466
Interest	1,001	0	1,001
Net Income (Loss)	(3,140)	(4,194)	(7,334)
Property, Plant and Equipment Additions	0	0	0
Net Working Capital	(70,112)	2,629	(67,483)
Total Assets	145,920	2,659	148,579
Total Liabilities	141,523	30	141,553
Total Equity	4,397	2,629	7,026

11. DEFINED BENEFIT PENSION PLANS

A. School Teachers Retirement System

The 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 retirement and disability benefits, annual cost-of-living adjustments, and death benefits 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. 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 required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$565,810, \$511,735, and \$868,670, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$88,958, is recorded as a liability within the respective funds.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer-defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$110,959, \$140,181 and \$172,883, respectively; and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$61,272, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System and have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2000, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

13. POSTEMPLOYMENT 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 classified 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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. POSTEMPLOYMENT BENEFITS (Continued)

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$754,413 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, 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.

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. 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 to fund health care benefits, including the surcharge, was \$230,102 for fiscal year 2000.

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.

14. BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. BUDGETARY BASIS OF ACCOUNTING (Continued)

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

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

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

	Governmental Fund Types			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund
Budget Basis	\$(189,668)	\$(305,579)	\$(16,039)	\$(417,891)
Net Adjustment for Revenue Accruals	(404,480)	100,596	27,086	99,022
Net Adjustment for Expenditure Accruals	275,957	14,730	0	14,022
Adjustment for Encumbrances	89,032	85,019	0	9,296,809
GAAP Basis	<u>\$(229,159)</u>	<u>\$(105,234)</u>	<u>\$(88,953)</u>	<u>\$8,991,962</u>

15. RISK MANAGEMENT

Insurance Only Through Commercial Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Insurance Provided Partially Through Self-Insurance Fund

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established a Self-Insurance Fund in the Internal Service Fund Type to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$60,000 per claim per employee. The District purchases commercial insurance for claims in excess of coverage provided by this Fund and for other risks of loss including annual aggregate stop loss coverage for annual claims paid. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. RISK MANAGEMENT(Continued)

All funds of the District participate in the program and make payment to the Self-Insurance Fund based upon actuarial estimates of the amounts needed to pay prior and current-year claims. The claims liability of \$220,931 reported in the Fund at June 30, 2000 is based upon the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of financial statements and the amount of the loss can be reasonably estimated. Claims in the Fund's claims liability during Fiscal 1999 and 2000 were:

	July 1 Liability	Current-Year Claims and Changes in Estimates	Claims Payable	June 30 Liability
1998-1999	\$106,638	\$1,894,707	\$1,821,122	\$180,223
1999-2000	\$ 180,223	\$1,986,779	\$1,946,071	\$ 220,931

OSBA Group Rating Program

The District participates in the Ohio School Boards Association Worker's 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.

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

The District continues to carry commercial insurance for all other risks of loss including liability insurance for all district employees. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS

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

West Central Ohio Special Education Regional Resource Center - The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 52 members made up of the 50 superintendents of the participating districts, one non-public school, and Wright State University whose terms rotate every year.

17. INSURANCE PURCHASING POOL

Ohio School Boards Association Worker's Compensation Group Rating Plan - The District participates in the Ohio School Boards Association Worker's 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.

18. CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School District at June 30, 2000.

B. Litigation

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

19. 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 that 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 District received \$7,767,753 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature 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 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 as least until 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 this program and on its financial operations.

20. 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.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

20. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1999	\$ 0	\$ 0	\$198,858	\$198,858
Current Year Set-aside Requirement	345,632	345,632		691,264
Current Year Offsets		345,632		345,632
Qualifying Disbursements	<u>285,286</u>	<u>0</u>	<u>0</u>	<u>285,286</u>
Total	<u>\$ 60,346</u>	<u>\$ 0</u>	<u>\$198,858</u>	<u>\$259,204</u>
Cash Balance Carried Forward to FY 2001	<u>\$ 60,346</u>	<u>\$ 0</u>	<u>\$198,858</u>	<u>\$259,204</u>
Amount restricted for Budget Stabilization				\$198,858
Total Restricted Assets				<u>\$259,204</u>

The amount set-aside to satisfy statutory requirements for textbooks and budget stabilization are represented by cash and are presented as "reserve for textbooks and instructional materials" and "reserve for budget stabilization" on the balance sheet.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>(Passed through Ohio Department of Education)</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$53,434	\$0	\$51,062
National School Breakfast Program	05-PU 99 05-PU 00	10.553	14,568 33,518 48,086		14,568 33,518 48,086	
National School Lunch Program	03-PU 99 03-PU 00 04-PU 99 04-PU 00	10.555	12,655 29,594 48,501 112,843 203,593		12,655 29,594 48,501 112,843 203,593	
Total U.S. Department of Agriculture - Nutrition Cluster			251,679	53,434	251,679	51,062
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>(Passed through Ohio Department of Education)</i>						
Title I, Part A, ESEA	C1-S1 98C C1-S1 99 C1-S1 99C C1-S1 00	84.010	21,649 97,766 11,239 229,491 360,145		21,649 42,737 11,239 234,075 309,700	
Total Title I, Part A, ESEA						
Special Education Grants to States	6B-SF 98P 6B-SF 99P	84.027	52,910 107,353 160,263		47,434 85,474 132,908	
Total Special Education Grants to States						
Innovative Education Program Strategies	C2-S1 99 C2-S1 98 C2-S1 99 C C2-S1 00	84.298			8,811 2,202	
Innovative Education Program Strategies			1,933 4,362 6,295		1,800 12,813	
Eisenhower Professional Development State Grants	MS-S1 98C MS-S1 99 MS-S1 99 C MS-S1 00	84.281			2,428 2,460 823 7,387 13,098	
Total Eisenhower Professional Development State Grants			11,314		13,098	
Safe and Drug Free Schools	DR-S1 98 DR-S1 99 DR-S1 00	84.186			765 3,015 8,307	
Total Safe and Drug Free Schools			9,822		12,087	
Goals 2000	G2-S1 00 G2-S2 98 G2-S1 98 G2-S2 99	84.276	37,898		22,136 53,897 36,657 43,066 155,756	
Total Goals 2000			37,898		155,756	
Tech Literacy Challenge Grant	TF-14 99 P TF-15 99 P TF-VM 99 P TF-S1 98 P	84.318	37,500 25,000 27,000 89,500		37,500 27,000 39,423 103,923	
Total Tech Literacy Challenge Grant						
Class Size Reduction	CR-S1 00	84.340	18,619		62,064	
Total U.S. Department of Education			693,856		802,349	
<u>U.S. DEPARTMENT OF LABOR</u>						
<i>(Passed through Ohio Department of Education)</i>						
School To Work	WK-BE 98 WK-BE 99	17.249	6,810 13,200		23,147 38,708	
<i>(Passed through Franklin Couty ESC)</i>						
School to Work			15,000		13,380	
Total School To Work			35,010		75,235	
Total Federal Assistance			\$980,545	\$53,434	\$1,129,263	\$51,062

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
June 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation has been incurred.

NOTE B - NUTRITION CLUSTER

Nonmonetary assistance, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with state grants. It is assumed that federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

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

To the Board of Education:

We have audited the financial statements of the Bellefontaine City School District (the District), Logan County, as of and for the year ended June 30, 2000, and have issued our report thereon dated January 22, 2001. 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 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 immaterial instances of non-compliance that we have reported to management of the District in a separate letter dated January 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-10246-001 and 2000-10246-002.

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the school district in a separate letter dated January 22, 2001.

This report is intended for the information and use of the audit committee, management, the Board, 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

January 22, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**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**

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

To the Board of Education:

Compliance

We have audited the compliance of the Bellefontaine City School District, Logan County, the District, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is 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 program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal programs that does not require inclusion in this report, that we have reported to management of the school district in a separate letter dated January 22, 2001.

This report is intended for the information and use of the audit committee, management, the Board, 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

January 22, 2001

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

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

JUNE 30, 2000

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

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

Finding Number	2000-10246-001
-----------------------	-----------------------

Records for Student Managed Activities

Our audit of student activity accounts identified the following weaknesses;

General Store The program advisor did not maintain accurate records and inventory counts for candy bar sales, which could result in candy bars being sold and revenue being diverted for personal use without detection in the normal course of business. The advisor should maintain documentation for sales, returns, uncollected amounts, and beginning and ending inventory items including lost, stolen, and damaged items.

Chieftian The program advisor did not maintain accurate records and inventory counts for the distribution of Chieftain Cards. Complimentary cards are dispersed without maintaining a list of people receiving those cards, therefore cards could be sold and revenue diverted for personal use without detection in the normal course of business. The advisor should maintain all unsold cards and a corresponding listing of complementary cards given away. The list should be signed and dated by both the activity advisor and student treasurer of the activity.

Senior Class Concession The program advisor did not maintain records for the Senior Concession stand purchases and ending inventory. The advisor indicated the ending inventory is depleted by giving the items to the Homecoming Dance or the Handicapped Class. The Senior Concession stand did not maintain a record of those items and were therefore unable to substantiate that all revenue due to the District had been collected and deposited in the name of the District. The advisor should maintain a listing of the beginning inventory, items purchased, items sold, items donated and reconcile the items sold to the revenue received to properly account for revenues received. The list of items donated should be signed by both the donating and receiving activity director or their representative.

Senior Class The program advisor did not maintain a log of tickets for the Homecoming Dance printed, sold or unsold. The Senior Class used tickets that were printed by the District. The Senior Class co-mingled revenue received from ticket sales and concession sales and did not maintain sufficient documentation to identify revenue received from either activity. Failure to maintain an inventory of tickets printed, sold, and unsold could lead to revenues being diverted to personal use without detection in the normal course of business. Failure to properly identify the sources of each revenue limits the ability to determine that all revenue that is due to the District has been collected and deposited in the name of the District. The advisor should maintain a list of tickets printed, tickets sold, and maintain the actual tickets unsold for audit review. Pay-ins to the District should separately identify revenues for each different sales activity to properly account for all sales receipts.

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

Finding Number	2000-10246-001 (Continued)
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Records for Student Managed Activities (Continued)

Junior Class

Concession The program advisor did not maintain records for the Junior Concession stand purchases or beginning or ending inventory. The advisor indicated the ending inventory is depleted by giving the items to the Homecoming Dance or the Handicapped Class, however no records were maintained to support those items donated to other activities. Failure to maintain proper inventory records and documentation for items donated to other activities limits the ability to determine that all revenues which are due to the District have been collected and deposited in the name of the District. The advisor should maintain a beginning and ending inventory and a list of donated items to properly account for all sales receipts. The list of items donated should be signed by both the donating and receiving activity advisor.

Cheerleading The program advisor did not maintain a record of sales receipts for each sales item for the cookie dough and cheesecake sales. Since receipts did not clearly identify amounts for each sale, there was no documentation to support that all revenue due to the District had been received and deposited in the name of the District. Failure to properly identify the amount of revenue from each sale could result in the misappropriation of the revenue without timely detection. The activity advisor should identify the amount of revenue from each fund raising activity and maintain the required journals and inventory records to properly account for all sales receipts.

Choir The Choir sold tickets for various fund raisers, however the program advisor did not maintain a record of the number of tickets printed or unsold nor were the unsold tickets retained for audit review. Without an actual count of the number of tickets printed and evidence of the number of unsold tickets, revenue collected could be diverted for personal use without detection in the normal course of business. The advisor should maintain a listing of tickets printed and maintain the unsold tickets for audit review.

Yearbooks * The program advisor did not maintain accurate records and inventory counts for the distribution of extra yearbooks for the current school year and for yearbooks that were being sold from prior years. Without proper inventory counts, yearbooks could be sold and revenue diverted to personal use without detection in the normal course of business. The advisor should maintain an inventory count of all yearbooks. The inventory should be specific for the number of yearbooks for each fiscal year and should be taken at the beginning of each fiscal year. Revenues received from yearbook sales should be reconciled to the price and number of books sold (beginning inventory minus ending inventory) to properly account for all sales receipts.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2000-10246-001 (Continued)
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Records for Student Managed Activities (Continued)

All student activity advisor’s should review the Auditor of State - Management Advisory Services Bulletin 93-13 and AUD-019, “Guidelines to Student Activity Fund Accounting” , and at a minimum the District should follow the following guidelines;

- A uniform detail journal, as prescribed by the treasurer, should be maintained for each student activity. These journals should include all beginning and ending balances, receipts, and pay-ins made, as well as a reconciliation with the treasurer’s records.
- All source documents should be maintained such as duplicate pre-numbered receipts, ticket stubs, and any other supporting documentation in order to clearly substantiate amounts recorded in the detailed journals mentioned above. Deposits should clearly identify the amount of revenue for each sales project.
- Documents that identify to whom the merchandise was distributed for sale, the amounts collected and/or merchandise returned by each person, and any amount remaining uncollected. In addition, there should be a listing of merchandise remaining unsold, damaged, or lost. All revenues considered uncollectible should be listed.

The Board Policy for Fund-Raising Activities in the District’s Board of Education Manual Section #5053, states “it is the intent of the Board of Education to control fund-raising activities.” The policy manual does not indicate how it intends to control the activities. The Board should consider adopting these guidelines as a method to control fund-raising activities. If these guidelines are adopted then they should be included in the District’s Board of Education Manual.

Finding Number	2000-10246-002
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Detail of Pay-ins for Classroom Materials and Fees

The District did not maintain sufficient documentation to support that student classroom materials and fees collected were properly deposited with the Treasurer, nor were sufficient records maintained to identify which students had paid and which students had not paid for classroom materials and fees.

In some cases, the District relied solely on pay-in forms (a receipt form used to evidence deposit with the Treasurer) to provide documentation, however pay-ins for classroom materials and fees did not always provide detail to indicate which individual student amounts were included in a total deposit. Various deposit slips listed the checks received by the student’s name, but there was no list to support cash amounts collected. Also, some deposit slips had “see attached sheet”, however there was no detail attached.

Finding Number	2000-10246-002 (Continued)
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Detail of Pay-ins for Classroom Materials and Fees (Continued)

All buildings should use pre-numbered duplicate receipts to record over-the-counter collections, and amounts collected per these receipts should be reconciled to the periodic pay-ins. At a minimum, pay-ins should include the period covered by the pay-in and the applicable receipt numbers. Periodically, an individual not involved in the daily collection of building receipts should reconcile selected building pay-ins to the pre-numbered duplicate receipts on file. In addition, each building should maintain a student classroom material and fee journal which should identify all students and the corresponding classroom material and fee amount due. As students make payments the amount paid and duplicate receipt number should be noted on the student classroom material and fee journal.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY

FOR THE FISCAL YEAR ENDED JUNE 30, 2000
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2000

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-10246-001	ORC Section 3315.07(C)(1) Finding repaid during audit	Yes	Fully corrected



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BELLEFONTAINE CITY SCHOOL DISTRICT

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 20, 2001**