

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009***

**NANCY BEIER, TREASURER**





# Mary Taylor, CPA

Auditor of State

Board of Education  
Bellevue City School District  
125 North Street  
P. O. Box 8003  
Bellevue, Ohio 44811

We have reviewed the *Independent Auditor's Report* of the Bellevue City School District, Huron County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

## **Finding for Recovery**

The District provided mileage reimbursement to employees at the rate of \$0.585/mile from 9/1/2008 through 12/31/2008 and at \$0.55/mile from 1/1/2009 through 6/30/2009. Employees seeking mileage reimbursement are required to submit a request accurately detailing the date and location/event necessitating the travel.

During the audit period, William Martin, former Superintendent, submitted mileage reimbursement requests and was reimbursed for travel to meetings and appointments which did not occur or could not be corroborated. The amount of such reimbursement totaled \$909.

In accordance with the foregoing facts and pursuant to Ohio Revised Code §117.28, a Finding for Recovery for public money illegally expended in the amount of \$909 is hereby issued against William Martin, former Superintendent, and The Cincinnati Insurance Company, his bonding company, jointly and severally, and in favor of the Bellevue City School District General Fund.

## **Finding for Recovery**

The District provided mileage reimbursement to employees at the rate of \$0.585/mile from 9/1/2008 through 12/31/2008 and at \$0.55/mile from 1/1/2009 through 6/30/2009. Employees seeking mileage reimbursement are required to submit a request to the District Treasurer accurately detailing the date and location/event necessitating the travel.

During the audit period, Darrell Hykes, former Assistant Superintendent, submitted a mileage reimbursement request and was reimbursed for travel expenses that he did not incur. The amount of such reimbursement totaled \$289.

Board of Education  
Bellevue City School District  
125 North Street  
P. O. Box 8003  
Bellevue, Ohio 44811  
Page -2-

In accordance with the foregoing facts and pursuant to Ohio Revised Code §117.28, a Finding for Recovery for public money illegally expended in the amount of \$289 is hereby issued against Darrell Hykes, former Assistant Superintendent, and in favor of the Bellevue City School District General Fund.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bellevue City School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

January 15, 2010

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**TABLE OF CONTENTS**

Independent Auditor’s Report .....	1 - 2
Management’s Discussion and Analysis .....	3 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	13
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund .....	19
Statement of Fiduciary Net Assets - Fiduciary Funds .....	20
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund .....	21
Notes to the Basic Financial Statements.....	22 - 47
Supplementary Data:	
Schedule of Receipts and Expenditures of Federal Awards .....	48
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	49 - 50
Report on Compliance With Requirements Applicable to Its Major Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	51 - 52
Schedule of Findings <i>OMB Circular A-133 § .505</i> .....	53



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Board of Education  
Bellevue City School District  
125 North Street  
P.O. Box 8003  
Bellevue, Ohio 44811

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Bellevue City School District, Huron County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise Bellevue City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bellevue City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of Bellevue City School District, Huron County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2009, on our consideration of Bellevue City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report  
Bellevue City School District  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bellevue City School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards 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 basic financial statements of Bellevue City School District. The schedule of receipts and expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
December 15, 2009

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The management's discussion and analysis of the Bellevue City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities increased \$65,399 which represents a 1.0% increase from 2008.
- General revenues accounted for \$18,084,737 in revenue or 82.39% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,865,019 or 17.61% of total revenues of \$21,949,756.
- The District had \$21,884,357 in expenses related to governmental activities; only \$3,865,019 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$18,084,737 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$19,127,172 in revenues and other financing sources and \$18,983,071 in expenditures and other financing uses. During fiscal year 2009, the general fund's fund balance, increased \$132,173 from \$2,249,574 to \$2,381,747.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund and the only governmental fund reported as a major fund.

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-47 of this report.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**The District as a Whole**

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2009 and 2008.

	<b>Net Assets</b>	
	Governmental Activities 2009	Governmental Activities 2008
<b><u>Assets</u></b>		
Current and other assets	\$ 11,414,682	\$ 11,130,291
Capital assets, net	<u>4,954,280</u>	<u>5,286,267</u>
Total assets	<u>16,368,962</u>	<u>16,416,558</u>
<b><u>Liabilities</u></b>		
Current liabilities	7,717,318	7,616,075
Long-term liabilities	<u>2,017,904</u>	<u>2,232,142</u>
Total liabilities	<u>9,735,222</u>	<u>9,848,217</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	4,605,394	4,842,777
Restricted	611,176	326,978
Unrestricted	<u>1,417,170</u>	<u>1,398,586</u>
Total net assets	<u>\$ 6,633,740</u>	<u>\$ 6,568,341</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$6,633,740.

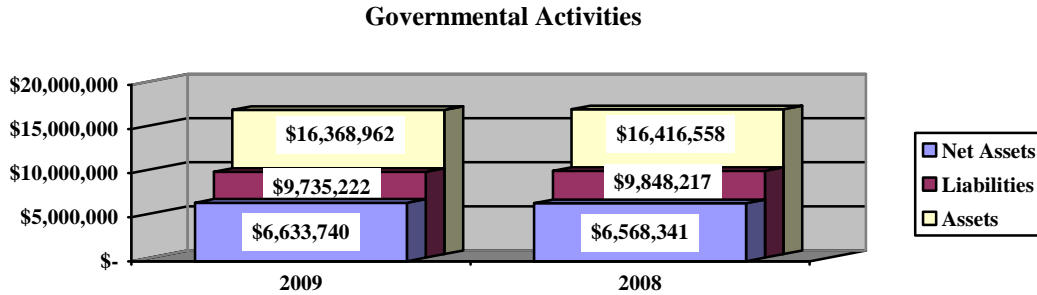
At year-end, capital assets represented 30.27% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$4,605,394. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$611,176, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,417,170 may be used to meet the District's ongoing obligations to the students and creditors.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The graph below presents the District's governmental activities assets, liabilities, and net assets for fiscal year 2009 and 2008.



The table below shows the change in net assets for fiscal years 2009 and 2008. Intergovernmental pass-through expenditures for 2008 have been reclassified to other non-instructional services expenditures to conform to 2009 presentation.

**Change in Net Assets**

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 980,571	\$ 1,237,709
Operating grants and contributions	2,861,587	2,357,788
Capital grants and contributions	22,861	14,015
General revenues:		
Property taxes	6,482,847	7,962,663
School district income taxes	1,646,802	1,287,080
Grants and entitlements	9,760,086	9,384,156
Investment earnings	82,339	181,912
Other	<u>112,663</u>	<u>107,698</u>
Total revenues	<u>\$ 21,949,756</u>	<u>\$ 22,533,021</u>

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Change in Net Assets**

	<u>Governmental Activities 2009</u>	<u>Governmental Activities 2008</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 7,873,447	\$ 8,056,796
Special	3,119,442	2,915,084
Vocational	457,984	626,604
Adult	4,244	7,660
Other	747,720	603,011
Support services:		
Pupil	1,253,039	1,269,244
Instructional staff	1,299,852	1,144,262
Board of education	28,266	25,053
Administration	1,537,470	1,510,375
Fiscal	493,358	528,554
Business	15,770	16,225
Operations and maintenance	2,241,020	1,929,202
Pupil transportation	974,427	1,036,897
Central	95,005	73,014
Operations of non-instructional services	217,765	232,287
Food service operations	801,407	730,792
Extracurricular activities	692,125	703,259
Interest and fiscal charges	<u>32,016</u>	<u>28,517</u>
Total expenses	<u>21,884,357</u>	<u>21,436,836</u>
Change in net assets	65,399	1,096,185
Net assets at beginning of year	<u>6,568,341</u>	<u>5,472,156</u>
Net assets at end of year	<u>\$ 6,633,740</u>	<u>\$ 6,568,341</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$65,399. Total governmental expenses of \$21,884,357 were offset by program revenues of \$3,865,019 and general revenues of \$18,084,737. Program revenues supported 17.66% of the total governmental expenses.

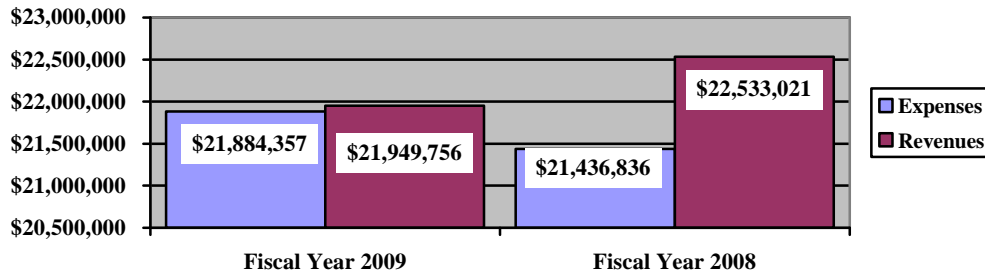
The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 81.50% of total governmental revenue. Real estate property is reappraised every six years.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2009 and 2008.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Intergovernmental pass-through expenditures for 2008 have been reclassified to other non-instructional services expenditures to conform to 2009 presentation.

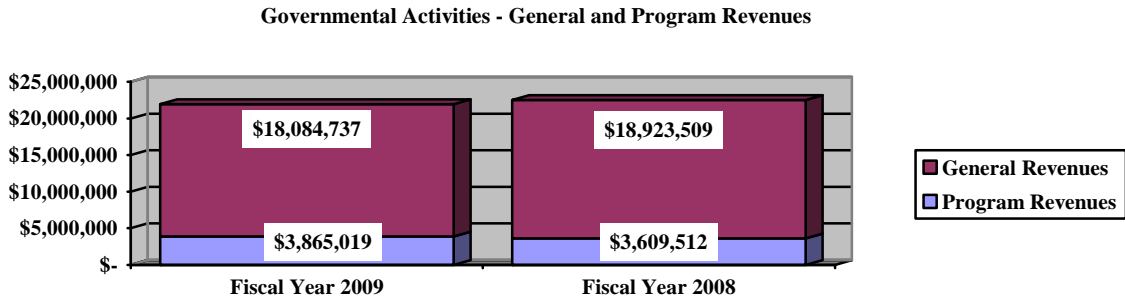
	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 7,873,447	\$ 7,215,964	\$ 8,056,796	\$ 7,295,366
Special	3,119,442	1,658,250	2,915,084	1,745,376
Vocational	457,984	351,559	626,604	522,730
Adult	4,244	4,244	7,660	7,660
Other	747,720	747,720	603,011	603,011
Support services:				
Pupil	1,253,039	1,145,655	1,269,244	1,131,150
Instructional staff	1,299,852	1,107,677	1,144,262	908,435
Board of education	28,266	28,266	25,053	25,053
Administration	1,537,470	1,520,746	1,510,375	1,495,317
Fiscal	493,358	493,358	528,554	528,554
Business	15,770	15,770	16,225	16,225
Operations and maintenance	2,241,020	2,240,412	1,929,202	1,928,619
Pupil transportation	974,427	888,065	1,036,897	974,028
Central	95,005	88,458	73,014	65,270
Operations of non-instructional services	217,765	77,034	232,287	77,448
Food service operations	801,407	(40,163)	730,792	(5,591)
Extracurricular activities	692,125	444,307	703,259	480,156
Interest and fiscal charges	32,016	32,016	28,517	28,517
<b>Total expenses</b>	<u>\$ 21,884,357</u>	<u>\$ 18,019,338</u>	<u>\$ 21,436,836</u>	<u>\$ 17,827,324</u>

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

The dependence upon tax and other general revenues for governmental activities is apparent, 81.77% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.34%. The District's taxpayers and grants and entitlements from the State of Ohio, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2009 and 2008.



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$2,906,372, which is higher than last year's total of \$2,465,936. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance <u>June 30, 2009</u>	Fund Balance <u>June 30, 2008</u>	<u>Increase</u>
General	\$ 2,381,747	\$2,249,574	\$ 132,173
Other Governmental	<u>524,625</u>	<u>216,362</u>	<u>308,263</u>
Total	<u>\$ 2,906,372</u>	<u>\$2,465,936</u>	<u>\$ 440,436</u>

**General Fund**

The District's general fund balance increased \$132,173. The increase in fund balance can be attributed to decreasing revenues, primarily property tax revenues still being more than increasing expenditures.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The table that follows assists in illustrating the financial activities of the general fund.

	2009 <u>Amount</u>	2008 <u>Amount</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 7,560,618	\$ 8,790,045	(13.99) %
Tuition	268,085	266,691	0.52 %
Earnings on investments	83,365	180,439	(53.80) %
Intergovernmental	10,860,444	9,907,422	9.62 %
Other revenues	<u>300,301</u>	<u>344,153</u>	(12.74) %
Total	<u>\$ 19,072,813</u>	<u>\$ 19,488,750</u>	(2.13) %
<b><u>Expenditures</u></b>			
Instruction	\$ 11,167,934	\$ 11,209,641	(0.37) %
Support services	7,144,505	6,951,820	2.77 %
Operation of non-instructional services	23,184	57,724	(59.84) %
Extracurricular activities	461,774	442,679	4.31 %
Facilities acquisition and construction	20,906	25,984	(19.54) %
Capital outlay	51,599	161,147	(67.98) %
Debt service	<u>101,401</u>	<u>87,117</u>	16.40 %
Total	<u>\$ 18,971,303</u>	<u>\$ 18,936,112</u>	0.19 %

The decrease in earnings on investments is due to lower interest rates. The District also had a slight increase in intergovernmental revenues. Tax revenue decreased from HB 66, which phases out the tax on tangible personal property of general businesses as well as the expansion of the State eligibility for the homestead exemption. The District is reimbursed for this lost revenue from the State, which is the primary reason intergovernmental revenues increased from the prior year. This reimbursement will be phased out in calendar years 2011-2017. The decrease in capital outlay is due to the District not entering into as many new capital leases during the current fiscal year.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2009, the District amended its general fund budget numerous times. For the general fund, original budgeted revenues and other financing sources were \$19,373,672 they were increased to \$19,603,591 in the final budgeted revenues. Actual revenues and other financing sources for fiscal year 2009 were \$19,687,564. This represents a \$83,973 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$19,687,559 were increased to \$19,688,941 in the final appropriations. The actual budget basis expenditures for fiscal year 2009 totaled \$19,538,727, which was \$150,214 less than the final budget appropriations.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2009, the District had \$4,954,280 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

The following table shows fiscal year 2009 balances compared to 2008:

	<b>Capital Assets at June 30 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 862,079	\$ 862,079
Construction in progress	24,843	-
Land improvements	205,669	226,804
Building and improvements	2,549,676	2,638,183
Furniture and equipment	576,508	730,427
Vehicles	<u>735,505</u>	<u>828,774</u>
<b>Total</b>	<b><u>\$ 4,954,280</u></b>	<b><u>\$ 5,286,267</u></b>

Total additions to capital assets for 2009 were \$286,562. The overall decrease in capital assets of \$331,987 is primarily due to depreciation expense of \$395,149 and disposals of \$223,400 (net of accumulated depreciation) exceeding capital outlays of \$286,562 for fiscal year 2009.

See Note 9 to the basic financial statements for detail on the District's capital assets.

***Debt Administration***

At June 30, 2009, the District had \$348,886 in capital lease obligations outstanding. Of this total, \$152,247 is due within one year and \$196,639 is due in greater than one year. The following table summarizes the outstanding obligations for fiscal year 2009 compared to 2008.

	Governmental	Governmental
	Activities	Activities
	<u>2009</u>	<u>2008</u>
Capital lease obligations	<u>\$ 348,886</u>	<u>\$ 443,490</u>
<b>Total</b>	<b><u>\$ 348,886</u></b>	<b><u>\$ 443,490</u></b>

At June 30, 2009, the District's overall legal debt margin was \$21,947,099 with an unvoted debt margin of \$243,857.

See Note 12 to the basic financial statements for detail on the District's debt administration.



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**Current Financial Related Activities**

The District strives to maintain the highest standards of service to the students, parents and community. This has been accomplished despite the financial challenges the local, State and national economy place on it. The District has carefully managed its general fund budget in order to optimize the dollars available for educating the students it serves and to minimize the levy millage amounts needed periodically from the community's citizens. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a positive ending cash balance.

The District closely monitors its revenues and expenditures in accordance with its financial forecast. The Board of Education and Administration continue to spend within the budgeted expenditure levels and keep a very close watch on revenue.

A half percent school district income tax was passed February 2001 with hopes of not needing any additional operating levies for many years. Economic events do affect the District. Unfortunately, the income tax revenue collections have fallen below the forecasted amounts due to the downturn in the economy. Changes in school funding, flat real estate values and projected decreases in state per student funding have forced school districts across the State to ask residents for additional revenue. Bellevue, which met 27 out of 30 indicators on the state report card and is rated an effective district, is now in that situation. With the District's revenue growth not keeping up with the increase in expenditures, the District first asked the voters to approve an additional 3.75 mill property tax in November 2008, however, the proposed tax levy was defeated.

The Administration responded with a restructuring plan that the Board approved for the fiscal year 2009 school year. The plan consisted of closing two elementary buildings, relocating elementary students to grade level specific buildings and relocating all sixth graders to the middle school (from the elementary buildings). All preschool through first grade students were housed at Shumaker Elementary. District second graders were housed at Ridge Elementary while all third through fifth grade students were housed at York Elementary. The Ellis and Lyme Elementary buildings were closed. A savings of \$1.2 million resulted from the restructuring. The majority of the savings came from a staff reduction of over 40 staff members. This eliminated the need to ask residents for additional taxes at this point in time.

The District's opportunity to receive State monies through the Ohio School Facilities Commission became apparent during the 2009 fiscal year. The District qualified for 41% of the master plan cost to come from the State if local voters approved a tax issue to pay the remaining 59%. After obtaining community input, the master plan was approved which included the building of one new central elementary for grades preschool through five, building one middle school for grades six through eight and renovation of the current high school. Community input also pointed to segmenting the master plan to put a tax issue on the ballot for the elementary and middle school buildings now, but to wait to ask voters for taxes to renovate the high school. In addition to the 41% State share, District officials applied and were granted the ability to issue Quality School Constructions Bonds through the federal stimulus monies at zero to very low interest rates. This benefited the District with a possible savings of \$5 million in interest savings. The District successfully passed a 4.9 mill bond issue that was on the November 3, 2009 ballot.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mrs. Nancy Beier, Treasurer, Bellevue City School District, 125 North Street, Bellevue, Ohio 44811.

**BASIC  
FINANCIAL STATEMENTS**

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 3,549,305
Receivables:	
Taxes . . . . .	7,514,535
Accounts . . . . .	48,015
Intergovernmental . . . . .	106,092
Accrued interest . . . . .	14,002
Loans. . . . .	457
Prepayments. . . . .	61,308
Materials and supplies inventory . . . . .	120,968
Capital assets:	
Land . . . . .	862,079
Construction in progress . . . . .	24,843
Depreciable capital assets, net . . . . .	4,067,358
Capital assets, net. . . . .	4,954,280
 Total assets. . . . .	 16,368,962
 <b>Liabilities:</b>	
Accounts payable. . . . .	85,870
Accrued wages and benefits . . . . .	1,710,180
Pension obligation payable. . . . .	500,264
Intergovernmental payable . . . . .	92,044
Unearned revenue . . . . .	5,328,960
Long-term liabilities:	
Due within one year. . . . .	512,162
Due in more than one year. . . . .	1,505,742
Total liabilities . . . . .	9,735,222
 <b>Net assets:</b>	
Invested in capital assets, net of related debt. . . . .	4,605,394
Restricted for:	
Capital projects . . . . .	314,024
Locally funded programs . . . . .	7,062
State funded programs . . . . .	114,246
Federally funded programs . . . . .	2,525
Student activities . . . . .	90,462
Other purposes . . . . .	82,857
Unrestricted. . . . .	1,417,170
Total net assets . . . . .	\$ 6,633,740

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 7,873,447	\$ 529,815	\$ 127,668	\$ -	\$ (7,215,964)
Special . . . . .	3,119,442	-	1,461,192	-	(1,658,250)
Vocational . . . . .	457,984	-	106,425	-	(351,559)
Adult . . . . .	4,244	-	-	-	(4,244)
Other . . . . .	747,720	-	-	-	(747,720)
Support services:					
Pupil . . . . .	1,253,039	-	107,384	-	(1,145,655)
Instructional staff . . . . .	1,299,852	201	191,974	-	(1,107,677)
Board of education . . . . .	28,266	-	-	-	(28,266)
Administration . . . . .	1,537,470	8,408	8,316	-	(1,520,746)
Fiscal . . . . .	493,358	-	-	-	(493,358)
Business . . . . .	15,770	-	-	-	(15,770)
Operations and maintenance . . . . .	2,241,020	608	-	-	(2,240,412)
Pupil transportation . . . . .	974,427	-	63,501	22,861	(888,065)
Central . . . . .	95,005	-	6,547	-	(88,458)
Operation of non-instructional services . . . . .	217,765	-	140,731	-	(77,034)
Food service operations . . . . .	801,407	441,539	400,031	-	40,163
Extracurricular activities . . . . .	692,125	-	247,818	-	(444,307)
Interest and fiscal charges . . . . .	32,016	-	-	-	(32,016)
<b>Total governmental activities . . . . .</b>	<b>\$ 21,884,357</b>	<b>\$ 980,571</b>	<b>\$ 2,861,587</b>	<b>\$ 22,861</b>	<b>(18,019,338)</b>
<b>General revenues:</b>					
Property taxes levied for:					
					6,028,727
					454,120
					1,646,802
					9,760,086
					82,339
					112,663
					<u>18,084,737</u>
					65,399
					<u>6,568,341</u>
					<u>\$ 6,633,740</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 2,860,718	\$ 688,587	\$ 3,549,305
<b>Receivables:</b>			
Taxes . . . . .	7,033,764	480,771	7,514,535
Accounts . . . . .	46,971	1,044	48,015
Intergovernmental . . . . .	-	106,092	106,092
Accrued interest . . . . .	14,002	-	14,002
Loans . . . . .	457	-	457
Interfund loan receivable . . . . .	107,155	-	107,155
Prepayments . . . . .	55,849	5,459	61,308
Materials and supplies inventory . . . . .	79,802	41,166	120,968
<b>Total assets . . . . .</b>	<b>\$ 10,198,718</b>	<b>\$ 1,323,119</b>	<b>\$ 11,521,837</b>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 61,628	\$ 24,242	\$ 85,870
Accrued wages and benefits . . . . .	1,530,827	179,353	1,710,180
Compensated absences payable . . . . .	243,888	12,297	256,185
Pension obligation payable . . . . .	439,872	60,392	500,264
Interfund loan payable . . . . .	-	107,155	107,155
Intergovernmental payable . . . . .	84,806	7,238	92,044
Deferred revenue . . . . .	486,183	48,624	534,807
Unearned revenue . . . . .	4,969,767	359,193	5,328,960
<b>Total liabilities . . . . .</b>	<b>7,816,971</b>	<b>798,494</b>	<b>8,615,465</b>
<b>Fund balances:</b>			
Reserved for encumbrances . . . . .	265,206	181,356	446,562
Reserved for materials and supplies inventory . . . . .	79,802	41,166	120,968
Reserved for property tax unavailable for appropriation . . . . .	1,181,373	85,876	1,267,249
Reserved for prepayments . . . . .	55,849	5,459	61,308
Unreserved, undesignated, reported in:			
General fund . . . . .	799,517	-	799,517
Special revenue funds . . . . .	-	69,758	69,758
Capital projects funds . . . . .	-	141,010	141,010
<b>Total fund balances . . . . .</b>	<b>2,381,747</b>	<b>524,625</b>	<b>2,906,372</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 10,198,718</b>	<b>\$ 1,323,119</b>	<b>\$ 11,521,837</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009

<b>Total governmental fund balances</b>		\$	2,906,372
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,954,280
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	521,615	
Intergovernmental receivable		13,192	
Total			534,807
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the funds.			
Capital lease obligation		(348,886)	
Compensated absences payable		(1,412,833)	
Total			(1,761,719)
<b>Net assets of governmental activities</b>		\$	6,633,740

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 7,560,618	\$ 445,461	\$ 8,006,079
Tuition . . . . .	268,085	-	268,085
Charges for services . . . . .	-	433,235	433,235
Earnings on investments . . . . .	83,365	558	83,923
Extracurricular . . . . .	21,579	214,359	235,938
Classroom materials and fees . . . . .	71,321	36,127	107,448
Rental income . . . . .	608	-	608
Contributions and donations . . . . .	-	7,496	7,496
Other local revenues . . . . .	206,793	86,910	293,703
Intergovernmental - State . . . . .	10,860,444	453,943	11,314,387
Intergovernmental - Federal . . . . .	-	1,338,244	1,338,244
Total revenue . . . . .	<u>19,072,813</u>	<u>3,016,333</u>	<u>22,089,146</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	7,376,417	296,430	7,672,847
Special . . . . .	2,535,614	571,652	3,107,266
Vocational . . . . .	503,939	-	503,939
Adult . . . . .	4,244	-	4,244
Other . . . . .	747,720	-	747,720
Support services:			
Pupil . . . . .	1,144,022	103,607	1,247,629
Instructional staff . . . . .	1,058,686	219,398	1,278,084
Board of education . . . . .	28,266	-	28,266
Administration . . . . .	1,515,805	16,288	1,532,093
Fiscal . . . . .	488,985	12,344	501,329
Business . . . . .	15,770	-	15,770
Operations and maintenance . . . . .	1,924,502	5,406	1,929,908
Pupil transportation . . . . .	889,442	-	889,442
Central . . . . .	79,027	6,529	85,556
Operation of non-instructional services . . . . .	23,184	195,503	218,687
Food service operations . . . . .	-	812,762	812,762
Extracurricular activities . . . . .	461,774	219,088	680,862
Facilities acquisition and construction . . . . .	20,906	204,449	225,355
Capital outlay . . . . .	51,599	-	51,599
Debt service:			
Principal retirement . . . . .	78,462	70,501	148,963
Interest and fiscal charges . . . . .	22,939	9,077	32,016
Total expenditures . . . . .	<u>18,971,303</u>	<u>2,743,034</u>	<u>21,714,337</u>
Excess of revenues over expenditures . . . . .	<u>101,510</u>	<u>273,299</u>	<u>374,809</u>
<b>Other financing sources (uses):</b>			
Capital lease transactions . . . . .	54,359	-	54,359
Transfers in . . . . .	-	11,768	11,768
Transfers (out) . . . . .	(11,768)	-	(11,768)
Total other financing sources (uses) . . . . .	<u>42,591</u>	<u>11,768</u>	<u>54,359</u>
Net change in fund balances . . . . .	144,101	285,067	429,168
<b>Fund balances at beginning of year . . . . .</b>	2,249,574	216,362	2,465,936
<b>Increase (decrease) in reserve for inventory . . . . .</b>	(11,928)	23,196	11,268
<b>Fund balances at end of year . . . . .</b>	<u>\$ 2,381,747</u>	<u>\$ 524,625</u>	<u>\$ 2,906,372</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Net change in fund balances - total governmental funds</b>	\$	429,168
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 286,562	
Current year depreciation	<u>(395,149)</u>	
Total		(108,587)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(223,400)
Proceeds of capital lease transactions are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		(54,359)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	123,570	
Interest revenue	(1,141)	
Intergovernmental revenue	<u>(261,819)</u>	
Total		(139,390)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		11,268
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		148,963
Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>1,736</u>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u><u>65,399</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 7,633,751	\$ 7,724,344	\$ 7,724,344	\$ -
Tuition. . . . .	264,941	268,085	268,085	-
Earnings on investments. . . . .	80,753	81,711	82,540	829
Extracurricular. . . . .	21,297	21,550	21,579	29
Classroom materials and fees . . . . .	70,404	71,240	71,290	50
Rental income . . . . .	247	250	250	-
Other local revenues. . . . .	229,263	231,984	236,958	4,974
Intergovernmental - State . . . . .	10,974,712	11,104,956	11,183,047	78,091
Total revenue . . . . .	<u>19,275,368</u>	<u>19,504,120</u>	<u>19,588,093</u>	<u>83,973</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	7,609,603	7,610,137	7,522,476	87,661
Special. . . . .	2,504,630	2,504,806	2,598,895	(94,089)
Vocational. . . . .	595,875	595,917	576,005	19,912
Adult. . . . .	7,719	7,720	4,404	3,316
Other . . . . .	694,939	694,988	749,520	(54,532)
Support services:				
Pupil. . . . .	1,139,034	1,139,114	1,130,706	8,408
Instructional staff . . . . .	1,102,228	1,102,305	1,069,128	33,177
Board of education . . . . .	35,063	35,065	28,912	6,153
Administration. . . . .	1,584,989	1,585,100	1,572,175	12,925
Fiscal . . . . .	538,464	538,502	498,529	39,973
Business . . . . .	16,385	16,386	15,808	578
Operations and maintenance. . . . .	2,115,986	2,116,135	2,026,806	89,329
Pupil transportation . . . . .	1,058,968	1,059,042	1,028,705	30,337
Central. . . . .	71,738	71,743	63,943	7,800
Operation of non-instructional. . . . .	26,998	27,000	23,184	3,816
Extracurricular activities. . . . .	459,540	459,572	462,450	(2,878)
Facilities acquisition and construction. . . . .	14,908	14,909	47,701	(32,792)
Total expenditures . . . . .	<u>19,577,067</u>	<u>19,578,441</u>	<u>19,419,347</u>	<u>159,094</u>
Excess of revenues over (under) expenditures. . . . .	<u>(301,699)</u>	<u>(74,321)</u>	<u>168,746</u>	<u>243,067</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	20,548	20,792	20,792	-
Refund of prior year receipts . . . . .	(500)	(500)	-	500
Transfers (out) . . . . .	(9,999)	(10,000)	(11,768)	(1,768)
Advances in. . . . .	71,796	72,648	72,648	-
Advances (out) . . . . .	(99,993)	(100,000)	(107,612)	(7,612)
Sale of capital assets. . . . .	5,960	6,031	6,031	-
Total other financing sources (uses) . . . . .	<u>(12,188)</u>	<u>(11,029)</u>	<u>(19,909)</u>	<u>(8,880)</u>
Net change in fund balance . . . . .	(313,887)	(85,350)	148,837	234,187
<b>Fund balance at beginning of year. . . . .</b>	<b>2,055,774</b>	<b>2,055,774</b>	<b>2,055,774</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>307,850</b>	<b>307,850</b>	<b>307,850</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 2,049,737</u></b>	<b><u>\$ 2,278,274</u></b>	<b><u>\$ 2,512,461</u></b>	<b><u>\$ 234,187</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2009

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 9,266	\$ 109,156
Receivables:		
Accounts . . . . .	-	365
Total assets. . . . .	9,266	\$ 109,521
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 2,355
Loans payable. . . . .	-	457
Due to students . . . . .	-	106,709
Total liabilities . . . . .	-	\$ 109,521
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	9,266	
Total net assets . . . . .	\$ 9,266	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 16
Gifts and contributions. . . . .	9,250
	9,266
Total additions. . . . .	9,266
Change in net assets . . . . .	9,266
<b>Net assets at beginning of year. . . . .</b>	<b>-</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 9,266</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Bellevue City School District (the "District") operates under a locally-elected, five-member Board form of government and provides educational services as authorized or mandated by State and/or federal agencies. This Board controls the District's nine instructional/support facilities staffed by 98 non-certified employees and 173 certified teaching personnel to provide services to approximately 2,165 students and other community members.

The District was established in 1968 through the consolidation of existing land areas and is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District serves an area of approximately 137 square miles. It is located in Huron County and includes all of the City of Bellevue, Ohio and portions of surrounding townships.

The District is the 236<sup>th</sup> largest in the State of Ohio (among 922 public and community school districts) in terms of enrollment. It currently operates 5 elementary schools, 1 middle school, 1 comprehensive high school, 1 administration building and 1 bus garage.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

*RELATED ORGANIZATION*

Bellevue Public Library

The District is not involved in budgeting or management of the Bellevue Public Library facilities, nor does it subsidize or finance the operation of the library. The selection of directors and budget approval is conducted merely to comply with State code requirements.

*JOINTLY GOVERNED ORGANIZATIONS*

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the BACG are natural gas and insurance. The cost to the District is an administrative charge, assessed only if it participates. The BACG consists of the superintendent of each school district. The Board of Directors of the BACG consists of one elected representative of each county, the superintendent of the fiscal agent and two non-voting members (administrator and fiscal agent). Members of the Board serve two-year terms, which are staggered. Financial information can be obtained by contacting the North Point Educational Service Center, which serves as fiscal agent, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of thirty-eight public school districts formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees, and a representative from the fiscal agent. Financial information can be obtained from Betty Schwiefert, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*PUBLIC ENTITY RISK POOL*

Sheakley Workers' Compensation Group Rating Plan

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

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

*GOVERNMENTAL FUNDS*

Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the District's major governmental fund:

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; and (b) grants and other resources whose use is restricted to a particular purpose.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activity.

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

*Revenues - Exchange and Nonexchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the period in which the income is earned (See Note 7).

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2009, are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the fiscal year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Huron County Budget Commission for tax rate determination.



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

3. Prior to April 1, 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 July 1, the 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. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District. The amounts reported in the budgetary statement reflect the amounts set forth in the first and final amended certificates of estimated resources issued for fiscal year 2009.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the general fund budgetary statement comparison at the fund and function level. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2009. All amounts reported in the budgetary statement reflect the original appropriations plus all modifications legally enacted by the Board.
9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

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 fund financial statements, encumbrances outstanding at year end (not already recorded in accounts payable) are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on governmental-wide financial statements.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all 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 basic financial statements.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2009. 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 shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund except for those specifically related to the auxiliary services fund, public schools support fund, permanent improvement fund and building fund individually authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$83,365, which includes \$7,613 assigned from other District funds.

For presentation on the basic financial statements, 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.

An analysis of the District's investment account at year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those related to government activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	20 - 70 years
Furniture and equipment	5 - 20 years
Vehicles	10 - 18 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net assets.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any age with twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**L. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, tax advance unavailable for appropriation and prepayments. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriations under State statute.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted for food service and uniform school supplies.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**O. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**P. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other government or imposed by enabling legislation. The District does not have any restricted assets as of June 30, 2009.

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**R. Extraordinary and Special Items**

Extraordinary items are transactions of events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2009, the District did not incur any transactions that would be classified as an extraordinary item or special item.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Auxiliary services	\$ 26,551
Management information systems	46
Entry year program	44
SchoolNet	14
Title VI-B	21,252
Title VI	926
Reducing class size	3,987

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$408 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2009, the carrying amount of all District deposits was \$1,504,864. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$1,000,000 of the District's bank balance of \$1,644,938 was exposed to custodial risk as discussed below, while \$644,938 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	\$ 2,162,455	\$ 2,162,455



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009.

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 2,162,455	100.00

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,504,864
Investments	2,162,455
Cash on hand	<u>408</u>
Total	<u>\$ 3,667,727</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 3,549,305
Private-purpose trust fund	9,266
Agency fund	<u>109,156</u>
Total	<u>\$ 3,667,727</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2009 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 107,155
General	Agency fund	<u>457</u>
Total		<u>\$ 107,612</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2009 are reported on the statement of net assets. Interfund balances between governmental funds and agency funds appear as “loans receivable/payable” on the statement of net assets, the balance sheet and the statement of fiduciary net assets.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

- B.** Interfund transfers for the year ended June 30, 2009, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds	
General fund	\$ 11,768

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers made in fiscal year 2009 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 6 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Erie, Huron, Sandusky and Seneca Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$1,181,373 in the general fund and \$85,876 in the permanent improvement fund (a nonmajor governmental fund). These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$1,273,327 in the general fund and \$92,695 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 231,170,330	92.18	\$ 236,976,970	96.44
Public utility personal	9,535,660	3.80	8,561,470	3.48
Tangible personal property	<u>10,088,335</u>	<u>4.02</u>	<u>203,330</u>	<u>0.08</u>
Total	<u>\$ 250,794,325</u>	<u>100.00</u>	<u>\$ 245,741,770</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$42.90		\$43.15

**NOTE 7 - SCHOOL DISTRICT INCOME TAX**

The District has authorized, through voter approval, an annual .5% school district income tax levied on the income of individuals and estates. The tax is to be used for normal operating expenses of the District, and is credited to the general fund. Total income tax revenue credited to the general fund during fiscal year 2009 was \$1,646,802.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, intergovernmental grants and entitlements and loans. 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. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 7,514,535
Accounts	48,015
Intergovernmental	106,092
Accrued interest	14,002
Loans	<u>457</u>
Total	<u>\$ 7,683,101</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance 06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/09</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 862,079	\$ -	\$ -	\$ 862,079
Construction in progress	<u>-</u>	<u>24,843</u>	<u>-</u>	<u>24,843</u>
Total capital assets, not being depreciated	<u>862,079</u>	<u>24,843</u>	<u>-</u>	<u>886,922</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	789,545	-	-	789,545
Buildings and improvements	6,579,642	59,980	-	6,639,622
Furniture and equipment	3,199,132	201,739	(252,885)	3,147,986
Vehicles	<u>1,449,338</u>	<u>-</u>	<u>-</u>	<u>1,449,338</u>
Total capital assets, being depreciated	<u>12,017,657</u>	<u>261,719</u>	<u>(252,885)</u>	<u>12,026,491</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(562,741)	(21,135)	-	(583,876)
Buildings and improvements	(3,941,459)	(148,487)	-	(4,089,946)
Furniture and equipment	(2,468,705)	(132,258)	29,485	(2,571,478)
Vehicles	<u>(620,564)</u>	<u>(93,269)</u>	<u>-</u>	<u>(713,833)</u>
Total accumulated depreciation	<u>(7,593,469)</u>	<u>(395,149)</u>	<u>29,485</u>	<u>(7,959,133)</u>
Governmental activities capital assets, net	<u>\$ 5,286,267</u>	<u>\$ (108,587)</u>	<u>\$ (223,400)</u>	<u>\$ 4,954,280</u>

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 174,326
Special	7,395
Vocational	5,597
 <u>Support services:</u>	
Instructional staff	12,376
Administration	5,844
Operations and maintenance	86,903
Pupil transportation	81,285
Extracurricular activities	11,263
Food service operations	<u>10,160</u>
 Total depreciation expense	 <u>\$ 395,149</u>

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior fiscal years and during the current fiscal year, the District entered into capitalized leases for copier equipment, vehicles and other miscellaneous equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of furniture and equipment and vehicles have been capitalized in the amount of \$373,439. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2009 was \$131,333, leaving a current book value of \$242,106. A corresponding liability was recorded in the government-wide financial statements. Principal payments in the 2009 fiscal year totaled \$75,702 paid by the general fund, \$5,996 paid by the data communication fund (a nonmajor governmental fund) and \$64,505 paid by the permanent improvement fund (a nonmajor governmental fund). In addition to the amount of principal retired, the District also terminated leases with principal balances of \$2,760.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2009:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2010	174,980
2011	91,914
2012	84,123
2013	38,066
2014	<u>4,469</u>
Total minimum lease payments	393,552
Less: amount representing interest	<u>(44,666)</u>
Total	<u>\$ 348,886</u>

**NOTE 11 - NONCANCELLABLE OPERATING LEASES**

The District leases modular classrooms and various copier machines under noncancellable operating leases. Total payments for these leases were \$5,734 for the fiscal year ended June 30, 2009 and are reported in the general fund. During the current fiscal year, these leases were paid in full.

**NOTE 12 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2009, the following changes occurred in the governmental activities long-term obligations:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/09</u>	<u>Due in</u>
					<u>One Year</u>
<b>Governmental activities:</b>					
Capital lease obligation	\$ 443,490	\$ 54,359	\$ (148,963)	\$ 348,886	\$ 152,247
Compensated absences	<u>1,788,652</u>	<u>219,021</u>	<u>(338,655)</u>	<u>1,669,018</u>	<u>359,915</u>
Total governmental activities	<u>\$ 2,232,142</u>	<u>\$ 273,380</u>	<u>\$ (487,618)</u>	<u>\$ 2,017,904</u>	<u>\$ 512,162</u>

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid, which for the District is primarily the general fund.

Capital Lease Obligation: The capital lease obligation will be paid from the general fund and permanent improvement fund (a nonmajor governmental fund). See Note 10 for details.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Legal Debt Margin**

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 District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$21,947,099 and an unvoted debt margin of \$243,857.

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured. The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	Ohio School Plan		
Each occurrence		\$2,000,000	\$ -
Aggregate		4,000,000	-
Building and contents	Ohio School Plan	61,650,994	1,000
Fleet:	Ohio School Plan		
Comprehensive		1,000,000	1,000
Collision		1,000,000	1,000
Umbrella liability:	Ohio School Plan		
Each occurrence		included above	-
Aggregate		included above	-

Settled claims have not exceeded commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior fiscal year.

**B. Employee Group Life, Medical, Dental, and Vision Insurance**

In 1981, the District joined 14 other districts in Huron and Erie Counties and formed the Huron-Erie School Employee Insurance Association.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 13 - RISK MANAGEMENT - (Continued)**

The Board of Trustees of the consortium, with assistance of actuarial analysis, establishes premium rates for medical, dental, and prescription drug insurance, based upon the specific plan negotiated by each member district and its employees. Premiums are placed in a Trust Fund controlled by the Board of Trustees and invested prudently to produce income which additionally benefits the consortium. The agreement of the Huron-Erie School Employee Insurance Association provides that the Huron-Erie School Employee Insurance Association will be self-sustaining through member premiums and will reinsure through commercial companies for all claims. The Huron-Erie School Employee Insurance Association retains the risk. The pool purchased stop-loss coverage from private insurance carriers to cover claims in excess of \$200,000 for any employee in a year or to cover aggregate claims in excess of 120% of the prior year's total claims. Individual coverage per person cannot exceed \$2,000,000 in claims during his or her lifetime. The "reserves" in the Trust Fund include monies necessary to pay the "claims run-out", should the consortium ever be dissolved. Because the consortium is organized under Internal Revenue Code 501C (9), investment income is tax exempt.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. As such, no funding provisions are required by the District.

**C. Worker's Compensation**

The District participates in the Sheakley Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). 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.

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.



**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 14 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$265,143, \$252,707 and \$271,774, respectively; 44.20 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 14 - PENSION PLANS - (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,258,645, \$1,248,438 and \$1,249,736, respectively; 83.54 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$6,700 made by the District and \$18,306 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$163,011, \$156,018 and \$130,740, respectively; 44.20 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$21,877, \$18,208 and \$18,481, respectively; 44.20 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$96,819, \$96,034 and \$96,134, respectively; 83.54 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenue and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis) ; and,
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

<b>Net Change in Fund Balance</b>	<u>General Fund</u>
Budget basis	\$ 148,837
Net adjustment for revenue accruals	(515,280)
Net adjustment for expenditure accruals	99,787
Net adjustment for other sources/uses	62,500
Adjustment for encumbrances	<u>348,257</u>
GAAP basis	<u>\$ 144,101</u>

**NOTE 17 - CONTINGENCIES**

**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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not currently party to any legal proceedings which would have a material impact on the financial statements.

**NOTE 18 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	Textbooks/ Instructional Materials	Capital Acquisition
Set-aside balance as of June 30, 2008	\$ (333,392)	\$ (363,000)
Current year set-aside requirement	349,717	349,717
Current year offsets	-	(619,372)
Qualifying disbursements	<u>(418,929)</u>	<u>(406,972)</u>
Total	<u>\$ (402,604)</u>	<u>\$ (1,039,627)</u>
Balance carried forward to fiscal year 2010	<u>\$ (402,604)</u>	<u>\$ (363,000)</u>

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 18 - STATUTORY RESERVES - (Continued)**

The amount of qualifying disbursements exceeding the set-aside requirement in the textbooks/instructional materials reserve may be carried forward to reduce the set-aside requirement for future years. The capital acquisition reserve had debt related offsets from prior years that may be carried forward to future years. Excess qualifying disbursements may not be carried forward.

**NOTE 19 - SUBSEQUENT EVENT**

The District passed a 4.9 mil bond issue on November 3, 2009. The bond issue is for \$23,410,000 and will be used to build a central elementary building as well as a middle school building.

## **SUPPLEMENTARY DATA**

**BELLEVUE CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Nutrition Grant Cluster:</b>				
(D) (E) School Breakfast Program	10.553	2009	\$ 50,217	\$ 50,217
<b>Total School Breakfast Program</b>			<u>50,217</u>	<u>50,217</u>
(C) (E) National School Lunch Program - Food Donation	10.555	2009	47,750	47,750
(D) (E) National School Lunch Program	10.555	2009	294,886	294,886
<b>Total National School Lunch Program</b>			<u>342,636</u>	<u>342,636</u>
<b>Total U.S. Department of Agriculture and Nutrition Grant Cluster</b>			<u>392,853</u>	<u>392,853</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Title I Grants to Local Educational Agencies	84.010	2008	10,260	25,449
Title I Grants to Local Educational Agencies	84.010	2009	255,299	242,983
<b>Total Title I Grants to Local Educational Agencies</b>			<u>265,559</u>	<u>268,432</u>
<b>Special Education Cluster:</b>				
(F) Special Education_Grants to States	84.027	2008	2,715	47,170
(F) Special Education_Grants to States	84.027	2008	33,844	40,421
(F) Special Education_Grants to States	84.027	2009	408,306	400,518
<b>Total Special Education Grants to States</b>			<u>444,865</u>	<u>488,109</u>
(F) Special Education Preschool Grants	84.173	2008	1,014	3,830
(F) Special Education Preschool Grants	84.173	2009	17,968	17,413
(F) Special Education_Preschool Grants	84.173	2009	3,000	2,952
(F) Special Education_Preschool Grants	84.173	2009	450	450
<b>Total Special Education Preschool Grants</b>			<u>22,432</u>	<u>24,645</u>
<b>Total Special Education Cluster</b>			<u>467,297</u>	<u>512,754</u>
Safe and Drug-Free Schools and Communities State Grants	84.186	2009	5,391	5,388
<b>Total Safe and Drug-Free Schools and Communities State Grant</b>			<u>5,391</u>	<u>5,388</u>
State Grants for Innovative Programs	84.298	2008	3,597	4,340
State Grants for Innovative Programs	84.298	2009	736	1,661
<b>Total State Grants for Innovative Programs</b>			<u>4,333</u>	<u>6,001</u>
Education Technology State Grants	84.318	2008	2,719	3,164
Education Technology State Grants	84.318	2009	1,547	574
<b>Total Education Technology State Grants</b>			<u>4,266</u>	<u>3,738</u>
Improving Teacher Quality State Grants	84.367	2008	10,646	14,947
Improving Teacher Quality State Grants	84.367	2009	95,049	89,860
<b>Total Improving Teacher Quality State Grants</b>			<u>105,695</u>	<u>104,807</u>
<b>Total U.S. Department of Education</b>			<u>852,541</u>	<u>901,120</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,245,394</u>	<u>\$ 1,293,973</u>

- (A) OAKS did not assign pass through numbers for fiscal year 2009.  
 (B) This schedule was prepared on the cash basis of accounting.  
 (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement values.  
 (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.  
 (E) Included as part of "Nutrition Grant Cluster" in determining major programs.  
 (F) Included as part of "Special Education Grant Cluster" in determining major programs.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Education  
Bellevue City School District  
125 North Street  
P.O. Box 8003  
Bellevue, Ohio 44811

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Bellevue City School District, Huron County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise Bellevue City School District's basic financial statements and have issued our report thereon dated December 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bellevue City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bellevue City School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Bellevue City School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Bellevue City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Bellevue City School District's financial statements that is more than inconsequential will not be prevented or detected by Bellevue City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Bellevue City School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Board of Education  
Bellevue City School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bellevue City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
December 15, 2009



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Its  
Major Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133**

Board of Education  
Bellevue City School District  
125 North Street  
P.O. Box 8003  
Bellevue, Ohio 44811

Compliance

We have audited the compliance of Bellevue City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2009. Bellevue City School 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 Bellevue City School District's management. Our responsibility is to express an opinion on Bellevue City School District's compliance based on our audit.

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

In our opinion, Bellevue City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of Bellevue City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bellevue City School District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bellevue City School District's internal control over compliance.

Board of Education  
Bellevue City School District

A control deficiency in Bellevue City School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Bellevue City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Bellevue City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Bellevue City School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management and Board of Education of Bellevue City School District 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.



Julian & Grube, Inc.  
December 15, 2009

**BELLEVUE CITY SCHOOL DISTRICT  
HURON COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under §.510?</i>	No
(d)(1)(vii)	<i>Major Program (listed):</i>	Nutrition Grant Cluster: School Breakfast Program - CFDA #10.553; National School Lunch Program - CFDA #10.555
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



## **Julian & Grube, Inc.**

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### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

Bellevue City School District  
Huron County  
125 North Street  
PO Box 8003  
Bellevue, OH 44811

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on July 16, 2009.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;

Independent Accountant's Report on Applying Agreed-Upon Procedures  
Bellevue City School District  
Page Two

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Ohio Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board of Education of Bellevue City School District and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.  
December 15, 2009



**Mary Taylor, CPA**  
Auditor of State

**BELLEVUE CITY SCHOOL DISTRICT**

**HURON 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  
JANUARY 28, 2010**