



Dave Yost • Auditor of State

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

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LOGAN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bellefontaine City School District, Logan County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2.A describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bellefontaine City School District, Logan County, Ohio, as of June 30, 2014, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.A.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2.A of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position-cash basis, changes in net position-cash basis, governmental activities-cash basis and outstanding debt at June 30. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Federal Awards Receipts and Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 20, 2015

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Bellefontaine City School District
Logan County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The discussion and analysis of the Bellefontaine City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- q In total, net position decreased \$1,748,102, primarily due to capital outlay disbursements related to the School District's Ohio Facilities Construction Commission ("OFCC") project.
- q Outstanding debt decreased from \$21,024,923 to \$20,289,333 through the refunding bonds and principal payments made during the current year.

Using this Annual Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. 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 School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2014, the General fund and the Classroom Facilities fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and investments. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Bellefontaine City School District
Logan County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The statement of net position and the statement of activities answer this question.

These two statements report the School District's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School 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 School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund and the classroom facilities fund.

Governmental Funds - Most of the School 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 the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Proprietary Fund – The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

Bellefontaine City School District
Logan County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Reporting the School District's Fiduciary Responsibilities

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used for proprietary funds.

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2014 compared to 2013.

(Table 1)
Net Position – Cash Basis

	Governmental Activities	
	2014	2013
Assets		
Equity in Pooled Cash and Investments	\$ 13,784,139	\$ 15,302,390
Cash and Cash Equivalents with Escrow Agents	477,550	707,401
<i>Total Assets</i>	\$ 14,261,689	\$ 16,009,791
Net Position		
Restricted for:		
Capital Outlay	\$ 1,942,669	\$ 5,373,912
Debt Service	865,803	748,277
Other Purposes	1,787,104	1,817,913
Unrestricted	9,666,113	8,069,689
<i>Total Net Position</i>	\$ 14,261,689	\$ 16,009,791

Net position of the governmental activities decreased \$1,748,102, which represents a 10.92 percent decrease from fiscal year 2013. This change is primarily the result of capital outlay disbursements related to the OFCC building project.

A portion of the School District's net position, \$4,595,576 or 32.22 percent, represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$9,666,113 may be used to meet the School District's ongoing obligations.

Bellefontaine City School District
Logan County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2014 as compared to fiscal year 2013.

(Table 2)
Changes in Net Position – Cash Basis

	Governmental Activities	
	2014	Restated 2013
Receipts		
Program Receipts		
Charges for Services and Sales	\$ 1,799,203	\$ 1,835,387
Operating Grants, Contributions and Interest	4,073,228	4,528,402
Capital Grants, Contributions and Interest	11,126	43,744
<i>Total Program Receipts</i>	<u>5,883,557</u>	<u>6,407,533</u>
General Receipts		
Property Taxes	8,450,553	8,117,711
Grants and Entitlements not Restricted to Specific Programs	15,451,814	15,199,440
Proceeds from Sale of Capital Assets	65,915	0
Refunding Bonds Issued	11,229,410	0
Premium on Refunding Bonds Issued	672,636	0
Insurance Recoveries	733,006	500,000
Interest Earnings	28,642	66,464
Miscellaneous	322,835	154,156
<i>Total General Receipts</i>	<u>36,954,811</u>	<u>24,037,771</u>
<i>Total Receipts</i>	<u>42,838,368</u>	<u>30,445,304</u>
Program Disbursements		
Instruction:		
Regular	12,891,075	12,090,534
Special	3,114,863	3,482,378
Vocational	384,158	369,825
Support Services:		
Pupils	1,296,870	1,255,803
Instructional Staff	675,076	1,312,259
Board of Education	358,377	247,447
Administration	1,672,548	1,609,241
Fiscal	501,580	489,144
Business	56,330	184,993
Operation and Maintenance of Plant	2,214,130	2,198,914
Pupil Transportation	977,283	840,279
Central	435,605	439,249
Operation of Non-Instructional Services:		
Food Service Operations	1,168,211	1,203,438
Community Services	12,856	19,189
Extracurricular Activities	513,261	524,143
Capital Outlay	4,876,261	20,606,500
Debt Service:		
Payment to Refunding Bond Escrow Agent	11,726,533	0
Principal Retirement	395,000	350,000
Interest and Fiscal Charges	1,140,940	1,157,840
Issuance Costs	175,513	0
<i>Total Program Disbursements</i>	<u>44,586,470</u>	<u>48,381,176</u>
<i>Change in Net Position</i>	(1,748,102)	(17,935,872)
<i>Net Position Beginning of Year</i>	16,009,791	33,945,663
<i>Net Position End of Year</i>	<u>\$ 14,261,689</u>	<u>\$ 16,009,791</u>

Bellefontaine City School District
Logan County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The \$15,730,239 decrease in capital outlay disbursements was due to the OFCC project nearing completion in fiscal year 2014. Fluctuations between instruction and support services instructional staff disbursements can be attributed to the re-coding of expenses in accordance with the revised expenditure standards approved by the State Board of Education on December 11, 2012. The expenditure standards revisions addressed operating expenditures and classroom instruction versus non-classroom expenditures. During fiscal year 2014, the School District issued \$11.2 million in general obligation bonds to refund \$11.6 million of existing bonds, which caused significant increases in debt-related receipts and disbursements.

Governmental Activities

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 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 entitlements.

(Table 3)
Governmental Activities – Cash Basis

	Total Costs of Services		Net Costs of Services	
	2014	Restated 2013	2014	Restated 2013
<i>Program Disbursements</i>				
<i>Instruction:</i>				
Regular	\$ 12,891,075	\$ 12,090,534	\$ 10,751,806	\$ 10,000,828
Special	3,114,863	3,482,378	1,686,303	2,038,347
Vocational	384,158	369,825	342,968	314,486
<i>Support Services:</i>				
Pupils	1,296,870	1,255,803	1,115,785	1,209,232
Instructional Staff	675,076	1,312,259	345,270	675,226
Board of Education	358,377	247,447	358,377	247,447
Administration	1,672,548	1,609,241	1,647,024	1,547,451
Fiscal	501,580	489,144	487,369	415,875
Business	56,330	184,993	56,330	184,993
Operation and Maintenance of Plant	2,214,130	2,198,914	2,199,524	2,191,903
Pupil Transportation	977,283	840,279	977,219	791,134
Central	435,605	439,249	420,022	352,192
<i>Operation of Non-Instructional Services:</i>				
Food Service Operations	1,168,211	1,203,438	(31,130)	(142,169)
Community Services	12,856	19,189	5,829	4,090
Extracurricular Activities	513,261	524,143	297,972	307,800
Capital Outlay	4,876,261	20,606,500	4,865,135	20,595,856
<i>Debt Service:</i>				
Payment to Refunding Bond Escrow Agent	11,726,533	0	11,726,533	0
Principal Retirement	395,000	350,000	395,000	350,000
Interest and Fiscal Charges	1,140,940	1,157,840	880,064	888,952
Issuance Costs	175,513	0	175,513	0
Total	\$ 44,586,470	\$ 48,381,176	\$ 38,702,913	\$ 41,973,643

Bellefontaine City School District
Logan County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for 13.20 percent of all governmental expenses. The community is the largest area of support for the School District students.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$12,972,505, which is lower than the prior year balance of \$15,434,537. As stated earlier, the decrease in fund balance was due to the OFCC project nearing completion in fiscal year 2014.

The general fund had total cash receipts of \$22,912,904. The cash disbursements of the general fund totaled \$22,149,348. The general fund's fund balance increased \$863,556 in fiscal year 2014 primarily due to an increase in state foundation revenue.

The classroom facilities fund had total cash receipts of \$653,010 and total cash disbursements of \$4,261,361, resulting in a large decrease in fund balance of \$2,875,345 in fiscal year 2014. The decrease in fund balance is primarily due to the School District receiving funds for the OFCC project in prior fiscal years and significant capital outlay expenditures in fiscal year 2014. The project is nearing the completion stage.

General Fund Budgeting Highlights

The School 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 2014, the School District amended its general fund budget several times. For the general fund, final budget basis receipts were \$22,791,285, representing an increase of \$1,176,584 from the original estimate of \$21,614,701 as a result of receiving more state foundation than originally expected. Actual receipts of \$22,766,267 were \$25,018 lower than the final budget.

For fiscal year 2014, the general fund final budget basis disbursements were \$22,941,202, which is over the original budgeted disbursements of \$22,492,153. Actual disbursements of \$22,175,157 were \$766,045 lower than the final budget. This was due to disbursements being fully appropriated and budgeted higher than usual to ensure for any possible increases in costs for maintaining the new buildings.

Bellefontaine City School District
Logan County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Debt Administration

The School District had the following long-term obligations outstanding at June 30, 2014 and 2013.

(Table 4)
Outstanding Debt, at June 30

	Governmental Activities	
	2014	2013
2005 Bond Issue	\$ 4,410,000	\$ 6,505,000
2010B Build America Bonds	4,380,000	14,190,000
2010A Tax-Exempt Bonds	269,923	329,923
2014A Refunding Bond Issue	9,470,000	0
2014B Refunding Bond Issue	1,680,000	0
Capital Appreciation Bonds	79,410	0
Total Debt Obligation	\$ 20,289,333	\$ 21,024,923

For further information regarding the School District's debt, refer to Note 8 of the basic financial statements.

Current Issues

Property tax revenue estimates are based on historical collection levels. Since 2004, the School District has realized an annual decrease in its assessed valuation due to the phase out of tangible property taxes. However, since the phase out period has expired, the School District anticipates small increases in its assessed valuation in future years. This is reflected in the figures used for the five year forecast. 2016 is the next scheduled triennial update year for the School District. The School District is located in Logan County.

The biennial State budget House Bill (HB 59) covers the State funding cycle July 1, 2013 through June 30, 2015. HB 59 included reimbursement to school districts for phased-out tangible personal property (TPP) tax revenues. It is not known at this time whether the next State Budget will include these reimbursements to school districts. Schools were originally told the phase-out period would take place through 2018. Prior to the tangible personal property tax being phased out starting in 2005, the School District brought in a little over \$2,000,000 per year in personal tangible taxes. This is a substantial decrease in local funding that schools are faced with.

The Board continues to closely scrutinize expenditures to keep them in line with estimated revenues. Pupil teacher ratios and class sizes will continue to be closely monitored. The result of this analysis will help determine future staffing needs for the School District.

Bellefontaine City School District
Logan County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

As a result of the decreased State funding and the loss of personal tangible property taxes, the School District has made budget cuts totaling \$5.49 million since the 2006 fiscal year. The majority of the cuts have been personnel related and made through attrition where possible. Along with the budget cuts, both unions agreed to a zero percent increase on the base salary for the 2010 and 2011 fiscal years. When implementing the above actions, the School District has been able to stabilize its five-year forecast. Even with the above budget cuts, the School District still finds itself in a deficit spending situation that will need to be addressed.

Additionally, School District voters approved a 2.8 mill bond issue at the November 3, 2009 election authorizing the School District to partake in an Ohio Facilities Construction Commission (OFCC) project. Also approved was the 0.5 mill maintenance fund as required by the OFCC. The total project cost is estimated to be \$35,003,787; with the local share being \$13,651,477 and the State share being \$21,352,310. The project includes building two new school buildings. One building is an elementary school that will house grades kindergarten through second grade. The other building is a middle school that will house grades six through eight. With the completion of the new middle school, the current middle school will be used to house grades three through five. Both new buildings opened in August 2013 for the 2013-2014 school year. The OFCC project is in an open state as we are in the process of going through punch lists and a few other details before starting the close-out phase.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Keith E. Krieger, Treasurer, Bellefontaine City School District, 820 Ludlow Road, Bellefontaine, OH 43311.

Bellefontaine City School District
Logan County, Ohio
Statement of Net Position - Cash Basis
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$ 13,784,139
Cash and Cash Equivalents with Escrow Agents	<u>477,550</u>
<i>Total Assets</i>	<u><u>\$ 14,261,689</u></u>
Net Position	
Restricted for:	
Capital Outlay	\$ 1,942,669
Debt Service	865,803
Other Purposes	1,787,104
Unrestricted	<u>9,666,113</u>
<i>Total Net Position</i>	<u><u>\$ 14,261,689</u></u>

See accompanying notes to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2014

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	
Governmental Activities					
Instruction:					
Regular	\$ 12,891,075	\$ 1,164,197	\$ 975,072	\$ 0	\$ (10,751,806)
Special	3,114,863	4,671	1,423,889	0	(1,686,303)
Vocational	384,158	0	41,190	0	(342,968)
Support Services:					
Pupils	1,296,870	21,173	159,912	0	(1,115,785)
Instructional Staff	675,076	0	329,806	0	(345,270)
Board of Education	358,377	0	0	0	(358,377)
Administration	1,672,548	0	25,524	0	(1,647,024)
Fiscal	501,580	0	14,211	0	(487,369)
Business	56,330	0	0	0	(56,330)
Operation and Maintenance of Plant	2,214,130	0	14,606	0	(2,199,524)
Pupil Transportation	977,283	0	64	0	(977,219)
Central	435,605	0	15,583	0	(420,022)
Operation of Non-Instructional Services:					
Food Service Operations	1,168,211	433,307	766,034	0	31,130
Community Services	12,856	0	7,027	0	(5,829)
Extracurricular Activities	513,261	175,855	39,434	0	(297,972)
Capital Outlay	4,876,261	0	0	11,126	(4,865,135)
Debt Service:					
Payment to Refunding Bond Escrow Agent	11,726,533	0	0	0	(11,726,533)
Principal Retirement	395,000	0	0	0	(395,000)
Interest and Fiscal Charges	1,140,940	0	260,876	0	(880,064)
Issuance Costs	175,513	0	0	0	(175,513)
Totals	\$ 44,586,470	\$ 1,799,203	\$ 4,073,228	\$ 11,126	\$ (38,702,913)

General Receipts

Property Taxes Levied for:	
General Purposes	6,913,367
Debt Service	1,240,174
Capital Outlay	175,994
Operation and Maintenance	121,018
Grants and Entitlements not Restricted to Specific Programs	15,451,814
Proceeds from Sale of Capital Assets	65,915
Refunding Bonds Issued	11,229,410
Premium on Refunding Bonds Issued	672,636
Insurance Recoveries	733,006
Interest Earnings	28,642
Miscellaneous	322,835
<i>Total General Receipts</i>	<u>36,954,811</u>
<i>Change in Net Position</i>	(1,748,102)
<i>Net Position Beginning of Year</i>	<u>16,009,791</u>
<i>Net Position End of Year</i>	<u>\$ 14,261,689</u>

See accompanying notes to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2014

	General Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 8,413,021	\$ 962,485	\$ 3,119,449	\$ 12,494,955
Cash and Cash Equivalents with Escrow Agent	0	477,550	0	477,550
<i>Total Assets</i>	<u>\$ 8,413,021</u>	<u>\$ 1,440,035</u>	<u>\$ 3,119,449</u>	<u>\$ 12,972,505</u>
Fund Balances				
Restricted	\$ 0	\$ 1,440,035	\$ 3,155,541	\$ 4,595,576
Assigned	299,125	0	0	299,125
Unassigned	8,113,896	0	(36,092)	8,077,804
<i>Total Fund Balances</i>	<u>\$ 8,413,021</u>	<u>\$ 1,440,035</u>	<u>\$ 3,119,449</u>	<u>\$ 12,972,505</u>

See accompanying notes to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Cash Basis
June 30, 2014

Total Governmental Fund Balances	\$ 12,972,505
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*Amounts reported for governmental activities in the
statement of net position are different because:*

An internal service fund is used by management to charge the costs
of insurance to individual funds. The assets of the internal
service fund are included in governmental activities in the
statement of net position.

1,289,184

Net Position of Governmental Activities

\$ 14,261,689

See accompanying notes to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balances - Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 6,913,367	\$ 0	\$ 1,537,186	\$ 8,450,553
Intergovernmental	14,530,017	649,487	4,129,622	19,309,126
Interest Income	25,037	3,523	1,498	30,058
Tuition and Fees	1,078,122	0	12,085	1,090,207
Extracurricular Activities	44,254	0	208,901	253,155
Gifts and Donations	27,493	0	198,051	225,544
Charges for Services	0	0	433,308	433,308
Rent	22,534	0	0	22,534
Miscellaneous	272,080	0	50,755	322,835
<i>Total Receipts</i>	<u>22,912,904</u>	<u>653,010</u>	<u>6,571,406</u>	<u>30,137,320</u>
Disbursements				
Current:				
Instruction:				
Regular	11,816,480	0	1,079,231	12,895,711
Special	2,219,961	0	1,416,968	3,636,929
Vocational	402,839	0	0	402,839
Support Services:				
Pupils	1,184,263	0	167,691	1,351,954
Instructional Staff	360,816	0	329,295	690,111
Board of Education	358,377	0	0	358,377
Administration	1,703,587	0	24,883	1,728,470
Fiscal	454,830	0	56,128	510,958
Business	56,948	0	0	56,948
Operation and Maintenance of Plant	1,949,809	0	323,974	2,273,783
Pupil Transportation	899,025	0	102,664	1,001,689
Central	436,567	0	15,369	451,936
Extracurricular Activities	290,830	0	222,431	513,261
Operation of Non-Instructional Services:				
Food Service Operations	6,602	0	1,193,648	1,200,250
Community Services	5,007	0	7,849	12,856
Capital Outlay	3,407	4,261,361	611,493	4,876,261
Debt Service:				
Principal Retirement	0	0	395,000	395,000
Interest and Fiscal Charges	0	0	1,140,940	1,140,940
Issuance Costs	0	0	175,513	175,513
<i>Total Disbursements</i>	<u>22,149,348</u>	<u>4,261,361</u>	<u>7,263,077</u>	<u>33,673,786</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>763,556</u>	<u>(3,608,351)</u>	<u>(691,671)</u>	<u>(3,536,466)</u>
Other Financing Sources (Uses)				
Insurance Recoveries	0	733,006	0	733,006
Refunding Bonds Issued	0	0	11,229,410	11,229,410
Premium on Debt Issuance	0	0	672,636	672,636
Proceeds from Sale of Capital Assets	0	0	65,915	65,915
Payment to Refunded Bond Escrow Agent	0	0	(11,726,533)	(11,726,533)
Advances In	100,000	0	0	100,000
<i>Total Other Financing Sources (Uses)</i>	<u>100,000</u>	<u>733,006</u>	<u>241,428</u>	<u>1,074,434</u>
<i>Net Change in Fund Balances</i>	863,556	(2,875,345)	(450,243)	(2,462,032)
<i>Fund Balances Beginning of Year</i>	<u>7,549,465</u>	<u>4,315,380</u>	<u>3,569,692</u>	<u>15,434,537</u>
<i>Fund Balances End of Year</i>	<u>\$ 8,413,021</u>	<u>\$ 1,440,035</u>	<u>\$ 3,119,449</u>	<u>\$ 12,972,505</u>

See accompanying notes to the basic financial statements.

Bellefontaine City School District

Logan County, Ohio

*Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds	\$ (2,462,032)
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Internal service funds charge insurance costs to other funds. The entity-wide statements eliminate governmental fund expenditures and related internal service fund charges. Governmental activities report allocated net internal service fund receipts (disbursements).

713,930

Change in Net Position of Governmental Activities

\$ (1,748,102)

See accompanying notes to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Statement of Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 6,563,674	\$ 6,920,964	\$ 6,913,367	\$ (7,597)
Intergovernmental	13,795,058	14,545,984	14,530,017	(15,967)
Interest Income	23,771	25,065	25,037	(28)
Tuition and Fees	952,486	1,004,334	1,003,232	(1,102)
Rent	21,394	22,559	22,534	(25)
Miscellaneous	258,318	272,379	272,080	(299)
<i>Total Receipts</i>	<u>21,614,701</u>	<u>22,791,285</u>	<u>22,766,267</u>	<u>(25,018)</u>
Disbursements				
Current:				
Instruction:				
Regular	11,933,080	12,171,321	11,764,900	406,421
Special	2,252,075	2,297,037	2,220,335	76,702
Vocational	407,485	415,620	401,742	13,878
Support Services:				
Pupils	1,192,360	1,216,165	1,175,555	40,610
Instructional Staff	367,946	375,292	362,760	12,532
Board of Education	368,358	375,713	363,167	12,546
Administration	1,717,353	1,751,639	1,693,149	58,490
Fiscal	461,332	470,542	454,830	15,712
Business	57,762	58,915	56,948	1,967
Operation and Maintenance of Plant	1,987,372	2,027,050	1,959,363	67,687
Pupil Transportation	912,181	930,392	899,325	31,067
Central	447,917	456,859	441,604	15,255
Extracurricular Activities	375,157	382,647	369,870	12,777
Operation of Non-Instructional Services:				
Food Service Operations	6,696	6,830	6,602	228
Community Services	5,079	5,180	5,007	173
<i>Total Disbursements</i>	<u>22,492,153</u>	<u>22,941,202</u>	<u>22,175,157</u>	<u>766,045</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(877,452)</u>	<u>(149,917)</u>	<u>591,110</u>	<u>741,027</u>
Other Financing Sources (Uses)				
Advances In	94,942	100,110	100,000	(110)
<i>Total Other Financing Sources (Uses)</i>	<u>94,942</u>	<u>100,110</u>	<u>100,000</u>	<u>(110)</u>
<i>Net Change in Fund Balance</i>	(782,510)	(49,807)	691,110	740,917
<i>Fund Balance Beginning of Year</i>	7,407,140	7,407,140	7,407,140	0
Prior Year Encumbrances Appropriated	15,646	15,646	15,646	0
<i>Fund Balance End of Year</i>	<u>\$ 6,640,276</u>	<u>\$ 7,372,979</u>	<u>\$ 8,113,896</u>	<u>\$ 740,917</u>

See accompanying notes to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Fund
June 30, 2014

	Governmental Activities
	Internal Service Fund
Assets	
Equity in Pooled Cash and Investments	\$ 1,289,184
<i>Total Assets</i>	<u>\$ 1,289,184</u>
Net Position	
Unrestricted	\$ 1,289,184
<i>Total Net Position</i>	<u>\$ 1,289,184</u>

See accompanying notes to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Statement of Receipts, Disbursements and Change in Fund Net Position - Cash Basis
Proprietary Fund
For the Fiscal Year Ended June 30, 2014

	<u>Governmental Activities - Internal Service Fund</u>
Operating Receipts	
Charges for Services	\$ 3,606,822
Operating Disbursements	
Administrative Fees	406,223
Claims	<u>2,386,750</u>
<i>Total Operating Disbursements</i>	<u>2,792,973</u>
<i>Operating Income (Loss)</i>	813,849
Non-Operating Receipts (Disbursements)	
Interest	<u>81</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>81</u>
<i>Income (Loss) Before Advances</i>	813,930
Advances Out	<u>(100,000)</u>
<i>Change in Net Position</i>	713,930
<i>Net Position Beginning of Year</i>	<u>575,254</u>
<i>Net Position End of Year</i>	<u><u>\$ 1,289,184</u></u>

See accompanying notes to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 89,300	\$ 88,313
<i>Total Assets</i>	\$ 89,300	\$ 88,313
 Net Position		
Held in Trust for Scholarships	\$ 35,753	\$ 0
Held for Student Activities	0	88,313
Endowments	53,547	0
<i>Total Net Position</i>	\$ 89,300	\$ 88,313

See accompanying notes to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Statement of Change in Fiduciary Net Position - Cash Basis
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	Scholarship
Additions	
Gifts and Contributions	\$ 3,316
Interest	505
<i>Total Additions</i>	3,821
 Deductions	
Scholarships	6,400
<i>Change in Net Position</i>	(2,579)
<i>Net Position Beginning of Year</i>	91,879
<i>Net Position End of Year</i>	\$ 89,300

See accompanying notes to the basic financial statements.

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Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

The School District currently operates two elementary schools, one middle school and one comprehensive high school. The School District is staffed by non-certificated employees and certificated employees to provide services to students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service and student related activities of the School District.

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

The School District is associated with three jointly governed organizations, one joint venture, and one insurance purchasing pool. These organizations include the Ohio Hi-Point Career Center, State Support Team Region 6, the Logan County Education Foundation, the Joint Recreation School District (Blue Jacket Park) and the Hunter Consulting Company Worker’s Compensation Group Rating Plan. These organizations are presented in Notes 10, 11 and 12 to the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The School District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows of resources and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

The School District also reports investments as assets, valued at cost basis.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary disbursements result from encumbrances outstanding at the beginning and end of the fiscal year.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

B. Basis of Presentation

The School District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the School District's general receipts.

2. Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Proprietary and fiduciary funds are reported by type.

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

C. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into three categories, governmental, proprietary and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions of the School District are financed. The following are the School District's major governmental funds:

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 to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Classroom Facilities Fund – The Classroom Facilities Fund is used to account for the monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed internally or externally.

2. Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The internal service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the School District, or to other governmental units, on a cost-reimbursement basis. The School District has one proprietary fund, an Internal Service Fund. The internal service fund is used to account for the operation of providing health and dental coverage to the employees of the School District. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The Net Position of the internal service fund is included with unrestricted net position on the government-wide statement.

3. Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organization, or other governmental units and are not available to support the School District’s own programs. The School District’s fiduciary funds include private purpose trust and agency funds. The School District’s private purpose trust funds account for endowments and programs that provide college scholarships for students after graduation. Agency funds are custodial in nature (cash equals net position) and do not involve measurement of results of operations. The School District’s agency funds account for various student-managed activities.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object and function level within all funds are made by the Treasurer.

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

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than assigned fund balance (cash basis).

Tax Budget

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

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected receipt of each fund. Prior to June 30, the School District must revise its budget so that total contemplated disbursements from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipt are identified by the School District's Treasurer.

Appropriations

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying a new certificate is not necessary, the annual Appropriation Resolution Report must be legally enacted by the Board of Education at the fund level of disbursements, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary disbursements of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as a restricted or assigned fund balance for subsequent-year disbursements for governmental funds.

Lapsing of Appropriations

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

During fiscal year 2014, investments were limited to STAROhio, money market accounts and certificates of deposit. STAROhio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price for which the investment could be sold on June 30, 2014.

The School District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2014 were \$25,037 which includes \$6,772 interest assigned from other School District funds.

Investments of the School District’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as “equity in pooled cash and investments”. Investments with an initial maturity of more than three months that were not purchased from the cash management pool are reported as investments.

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets. Depreciation is not recorded on these capital assets.

G. Compensated Absences

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

H. Long-term Debt

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported as other financing sources when cash is received and principal and interest payments are reported as disbursements when paid.

I. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant is received.

J. Inventory

The School District reports disbursements for inventory when paid. These items are not reflected as assets in the accompanying financial statements.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net position and is displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specified purposes. At June 30, 2014, there were no net positions restricted by enabling legislation.

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

2. Unrestricted net position – All other net positions that do not meet the definition of “restricted.”

The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. The Board of Education has by resolution authorized the Treasurer to assign fund balance.
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Bellefontaine City School District
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The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements/expenses in the reimbursing fund and a reduction in disbursements/expense in the reimbursed fund.

N. Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and sales, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

O. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2014, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the School District.

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GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

NOTE 3 – DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board 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 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 held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above; provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 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 or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

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6. The State Treasurer's investment pool (STAROhio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed 25 percent of the interim moneys available for investment at any one time;
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of 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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured by Federal Deposit Insurance Corporation or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all uninsured public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

At fiscal year-end, the carrying amount of the School District's deposits was \$14,269,520 and the bank balance was \$14,453,681. Of the School District's bank balance, \$4,763,544 was covered by federal depository insurance, which includes \$513,889 held in a STAR Plus account. This leaves \$9,690,137 exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent not in the School District's name.

As of June 30, 2014, the School District has \$294 in deposited cash on hand. This amount is included in equity in pooled cash and investments.

Investments

As of June 30, 2014, the School District had the following investments:

	Carrying Value	% of Investment Total	<u>Maturities</u>
STAROhio	\$ 158,353	93%	0 - 6 Months
Fifth Third Securities Money Market	11,135	7%	0 - 6 Months
	\$ 169,488	100%	

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Interest Rate Risk

The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk

The School District's investments at June 30, 2014, in STAROhio and money market funds are all rated AAAM by Standard & Poor's. STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2014, is 51 days.

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. More than 5 percent of the School District's investments are in STAROhio and money market funds.

NOTE 4 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School 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 and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes.

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Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Logan County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property	\$ 262,456,160	96%	\$ 250,670,120	96%
Public Utility	10,667,820	4%	9,672,100	4%
Total	<u>\$ 273,123,980</u>	<u>100%</u>	<u>\$ 260,342,220</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$ 54.58		\$ 55.48	

NOTE 5 – RISK MANAGEMENT

A. Public Liability

The School District is exposed to various risks related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains comprehensive commercial insurance coverage for real property, building contents, and vehicles.

Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

Bellefontaine City School District
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B. Workers' Compensation

The School District participates in the Hunter Consulting Company Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of the Hunter Consulting Company provides administrative, cost control and actuarial services to the Plan.

C. Self-Insurance

The School District has established a Self-Insurance Fund in the Internal Service Fund Type to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$75,000 per claim per employee. The School District purchases commercial insurance for claims in excess of coverage provided by this fund and for other risks of loss including annual aggregate stop losses coverage for annual claims paid. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

The School District is also self-insured for employee health care benefits. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from Interfund rates that are charged based on claims approved by the claims administrator. A comparison of Self Insurance Fund cash balance and estimated liability as of June 30 follows:

	<u>2014</u>	<u>2013</u>
Cash	\$ 1,289,184	\$ 575,254
Estimated Liabilities	\$ 270,133	\$ 407,643

Estimated liabilities are based on fiscal year paid claims multiplied by a computation factor.

NOTE 6 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Bellefontaine City School District
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Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to 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 School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$429,386, \$362,203 and \$405,589, respectively; 75 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012.

B. State Teachers Retirement System

Plan Description - The School 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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at 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 of 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School 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 11 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,463,025, \$1,392,426 and \$1,598,960, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$74,009 made by the School District and \$58,150 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 7 – POST EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. 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. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

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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 fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. 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 School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013, and 2012 were \$51,089, \$61,765, and \$65,549, respectively; 75 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$24,911, \$20,539, and \$23,952, respectively; 75 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

Plan Description - The School 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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (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 fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$112,540, \$107,110, and \$122,997, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Bellefontaine City School District
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Notes to the Basic Financial Statements
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NOTE 8 – DEBT OBLIGATIONS

The following is a description of the School District’s bonds outstanding as of June 30, 2014:

	Interest Rates	Principal Outstanding 6/30/2013	Additions	Deductions	Principal Outstanding 6/30/2014	Due Within One Year
General Obligation Bonds						
2005 Bond Issue	5.0-5.5%	\$ 6,505,000	\$ 0	\$ 2,095,000	\$ 4,410,000	\$ 350,000
2010B Build America Bonds	2.0-26.4%	14,190,000	0	9,810,000	4,380,000	0
2010A Tax-Exempt Bonds	5.45-5.9%	329,923	0	60,000	269,923	85,000
2014A Refunding Bond Issue	3.0-4.0%	0	9,470,000	0	9,470,000	10,000
2014B Refunding Bond Issue	.50-2.10%	0	1,680,000	0	1,680,000	30,000
Capital Appreciation Bonds	2.20%	0	79,410	0	79,410	0
Total Debt Obligation		<u>\$ 21,024,923</u>	<u>\$ 11,229,410</u>	<u>\$ 11,965,000</u>	<u>\$ 20,289,333</u>	<u>\$ 475,000</u>

2005 General Obligation Advance Refunding Bonds - In April 2005, the School District issued \$7,475,000 in voted general obligation bonds for the purpose of refunding a portion of the 1999 School Improvement Bonds originally issued for the purpose of additions and renovations to the High School. The refunding bond issue consists of \$3,760,000 in serial bonds and \$3,715,000 in term bonds. The serial bonds have interest rates at 5.0 percent and yield rates from 2.45 to 4.22 percent. Term bonds have a 5.5 percent interest rate with final maturities on December 1, 2023 and December 1, 2026. The bonds will be retired from the Debt Service Fund. The source of payment is derived from current 2.70 mill and current 2.60 mill bonded debt facilities tax levies.

The remaining serial bonds mature each year beginning in 2010 through 2019. Bonds maturing on December 1, 2016, 2017, 2018 and 2019 are subject to redemption at the option of the School District, in whole or in part, in such order as the School District shall determine, on any date on or after December 1, 2015, at the redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption.

The term bonds maturing on December 1, 2023 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2020 and each December 1 thereafter. The remaining principal amount of such Bonds (\$530,000) will mature at stated maturity on December 1, 2023.

The term bonds maturing on December 1, 2026 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2024 and 2025. The remaining principal amount of such bonds (\$620,000) will mature at stated maturity on December 1, 2026.

2010 School Facilities Construction and Improvement Bonds - In September 2010, the School District issued \$14,579,923 in general obligation bonds for the purpose of constructing two new school buildings. The bond issue consists of \$205,000 of tax-exempt serial bonds, \$184,923 of tax-exempt capital appreciation bonds and \$14,190,000 in Build America Bonds (BABs). The serial bonds have interest rates at 2.0 percent. The Capital Appreciation Bonds will bear interest, compounded semi-annually on June 1 and December 1 (the “interest Accretion Dates”), from the date of their issuance, but the interest will be payable only at maturity. The Build America Bonds have a 5.45 percent to 5.90 percent. The bonds will be retired from the Debt Service Fund. The source of payment is derived from current 2.80 mill and current 0.5 mill bonded debt tax levies.

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Refunding Bonds, 2014A – On May 20, 2014, the School District issued \$9,470,000 in voted general obligation unlimited tax serial bonds. The bonds advance refunded \$9,810,000 of outstanding 2010B Build America (BABs) General Obligation Bonds, including term bonds maturing on December 1, 2030 through December 1, 2035. The bonds were issued for a twenty-two year period with final maturities at December 1, 2035.

At the date of refunding, \$9,838,752 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. The advance refunding reduced cash flows required for debt service by \$424,543 over the next thirteen years and resulted in an economic gain of \$345,154.

The bond issue consists of serial bonds. The serial bonds were issued with a varying interest rate of 3.0 - 4.0 percent. The bonds that mature on or after December 1, 2022 are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after December 1, 2021, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to date.

Refunding Bonds, 2014B – On May 20, 2014, the School District issued \$1,759,410 in voted general obligation unlimited tax serial and capital appreciation bonds. The bonds advance refunded \$1,760,000 of outstanding 2005 General Obligation Bonds, including serial bonds maturing on December 1, 2016 through December 1, 2019. The bonds were issued for a five year period with final maturities at December 1, 2019.

At the date of refunding, \$1,887,781 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, \$1,760,000 of the 2005 Series Bonds are considered to be defeased. The advance refunding reduced cash flows required for debt service by \$424,543 over the next six years and resulted in an economic gain of \$345,154. As of June 30, 2014 the entire amount of defeased bonds were outstanding.

The capital appreciation bond will mature on December 1, 2018. The bond was purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$265,000. The fiscal year 2014 accretion amount is \$-0-.

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

Fiscal Year Ending June 30	2014A Refunding Bonds	2014B Capital Appreciation Bonds	2014B Refunding Bonds	2005 Bond Issue	2010 Bond Issue - Tax Exempt	2010 Bond Issue BABs	Interest/ Accretion	Total
2015	\$ 10,000	\$ 0	\$ 30,000	\$ 350,000	\$ 85,000	\$ 0	\$ 849,480	\$ 1,324,480
2016	0	0	50,000	345,000	37,105	0	947,727	1,379,832
2017	0	0	415,000	0	34,317	0	964,874	1,414,191
2018	0	0	415,000	0	31,802	0	992,823	1,439,625
2019	0	79,410	250,000	0	15,674	0	1,119,656	1,464,740
2020 - 2024	460,000	0	520,000	1,950,000	66,025	0	4,740,325	7,736,350
2025 - 2029	3,175,000	0	0	1,765,000	0	0	2,928,180	7,868,180
2030 - 2034	4,345,000	0	0	0	0	0	1,990,650	6,335,650
2035 - 2039	1,480,000	0	0	0	0	2,525,000	1,132,272	5,137,272
2040 - 2041	0	0	0	0	0	1,855,000	110,478	1,965,478
	<u>\$ 9,470,000</u>	<u>\$ 79,410</u>	<u>\$ 1,680,000</u>	<u>\$ 4,410,000</u>	<u>\$ 269,923</u>	<u>\$ 4,380,000</u>	<u>\$ 15,776,465</u>	<u>\$ 36,065,798</u>

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 9 – SET ASIDE REQUIREMENTS

The School District is required by state law to set aside certain general fund receipt amounts, as defined, into various reserves. For the fiscal year ended June 30, 2014, the reserve activity was as follows:

	Capital Acquisition
Set-Aside Restricted Balance June 30, 2013	\$ 0
Current Year Set Aside Requirement	441,268
Prior Year Offset from Bonds Proceeds	(441,268)
Total	\$ 0
Balance carried forward to FY 2015	\$ 0
Set-Aside Restricted Balance June 30, 2014	\$ 0

The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvements to \$0. The School District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods.

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Hi-Point Career Center

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

B. State Support Team Region 6

The State Support Team Region 6 ("SST6") is a special education service center, which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SST6 is governed by a board of 52 members made up of the 50 superintendents of the participating School Districts, one non-public school, and Wright State University whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Becky Rees, Director, at 1045 Dearbaugh, Suite #1, Wapakoneta, Ohio 45895.

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

C. Logan County Education Foundation

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting Eric Tom, who serves as Financial Advisor, 121 South Opera Street, Bellefontaine, Ohio 43311.

NOTE 11 – JOINT VENTURE

The Joint Recreation School District (Blue Jacket Park) - The Joint Recreation School District (JRD) was established June 25, 1984. The JRD is operated by a seven member Board consisting of three representatives from both the Bellefontaine City School District and the City of Bellefontaine.

The remaining member is selected by the six appointed Board members. The JRD operates the Blue Jacket Park which is adjacent to the Bellefontaine City School District and for which the School District owns the land. The operating budget for the JRD is passed by the City of Bellefontaine and is submitted to the JRD Board. To obtain financial information write to the City of Bellefontaine, Jack Reser, who serves as Auditor, at 135 North Detroit Street, Bellefontaine, Ohio 43311.

NOTE 12 – INSURANCE PURCHASING POOL

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

NOTE 13 – CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 14 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2014, the Race to the Top, the Title I Grants Fund and the Miscellaneous Federal Grants Fund had deficit balances in the amount of \$7,719, \$1,682 and \$26,691, respectively. The General Fund provides transfers to cover deficit balances; however; this is done when cash is needed. The deficit fund balance was created at June 30, 2014 as a result of late disbursements from the grant authorities.

B. Compliance

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2014, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

NOTE 15 – BUDGETARY BASIS OF ACCOUNTING

The statement of receipts, disbursements and changes in cash basis fund balance - budget and actual (budget 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 cash basis are that:

- a. 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 a disbursement; and,
- b. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

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

Net change in Fund Balance	
	General Fund
Budget basis	\$ 691,110
Funds budgeted elsewhere**	(13,480)
Adjustment for encumbrances	185,926
Cash basis	\$ 863,556

** As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting*”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the cash basis. This includes the public school support fund and the uniform school supplies fund.

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 16 – CONTRACTUAL COMMITMENTS

At June 30, 2014, the School District had the following outstanding contractual commitments for the OFCC project:

<u>Contract/Vendor</u>	<u>Contracted Amount</u>	<u>Amount Remaining</u>
R.D. Jones Excavating, Inc.	\$ 1,491,363	\$ 184,506
C & T Design and Equip. Co.	564,820	55,456
Farnham Equipment Company	1,074,764	5,036
Ferguson Construction Company	13,959,771	326,224
RJ Martin Electrical Services	1,323,828	10,976
Regal Plumbing & Heating	4,491,221	30,000
S.A. Comunale Company, Inc.	340,351	27,228
Vaughn Industries, LLC	2,815,323	30,600

NOTE 17 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:				
Capital Improvements	\$ 0	\$ 1,440,035	\$ 502,634	\$ 1,942,669
Food Service Operations	0	0	832,259	832,259
Student Activities	0	0	144,960	144,960
Improving Teacher Quality	0	0	24	24
Special Instruction	0	0	9,327	9,327
Operation and Maintenance of Plant	0	0	762,147	762,147
Miscellaneous Grant Projects	0	0	38,387	38,387
Debt Service	0	0	865,803	865,803
Total Restricted	<u>0</u>	<u>1,440,035</u>	<u>3,155,541</u>	<u>4,595,576</u>
Assigned for:				
Public School Support	107,629	0	0	107,629
School Supplies	5,570	0	0	5,570
Instruction	76,766	0	0	76,766
Support Services	109,160	0	0	109,160
Total Assigned	<u>299,125</u>	<u>0</u>	<u>0</u>	<u>299,125</u>
Unassigned	8,113,896	0	(36,092)	8,077,804
<i>Total Fund Balance</i>	<u>\$ 8,413,021</u>	<u>\$ 1,440,035</u>	<u>\$ 3,119,449</u>	<u>\$ 12,972,505</u>

Bellefontaine City School District
Logan County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 18 – ENCUMBRANCES

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 190,165
Classroom Facilities Fund	620,840
Nonmajor Governmental	746,074
	<u>\$1,557,079</u>

NOTE 19 – INTERFUND BALANCES

During fiscal year 2013, the General Fund advanced \$350,000 to the Self-Insurance Fund to subsidize operations. During fiscal year 2012, the General Fund advanced \$300,000 to the Self-Insurance Fund to subsidize operation. During fiscal year 2014, \$100,000 was repaid, leaving an outstanding balance of \$550,000 at June 30, 2014.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
Nutrition Cluster:					
School Breakfast Program	10.553	\$182,699		\$182,699	
Noncash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$84,494		\$84,494
Cash Assistance					
National School Lunch Program	10.555	566,953		566,953	
Total National School Lunch Program		566,953	84,494	566,953	84,494
Total Nutrition Cluster and U.S. Department of Agriculture		749,652	84,494	749,652	84,494
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
Title I Grants to Local Educational Agencies	84.010	1,222,337		1,196,254	
Special Education Grants to States	84.027	498,663		494,795	
Rural Education	84.358	43,795		43,668	
English Language Acquisition State Grants	84.365	3,320		3,320	
Improving Teacher Quality State Grants	84.367	121,928		124,390	
Teacher Incentive Fund Cluster:					
Teacher Incentive Fund	84.374	465,984		467,906	
ARRA - Teacher Incentive Fund - Recovery Act	84.385	43,795		54,622	
Total Teacher Incentive Fund Cluster		509,779		522,528	
ARRA - State Fiscal Stabilization Fund (SFSF) Race-to-the-Top Incentive Grant - Recovery Act	84.395	227,985		217,459	
Total U. S. Department of Education		2,627,807		2,602,414	
Total Federal Financial Assistance		\$3,377,459	\$84,494	\$3,352,066	\$84,494

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Bellefontaine City School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bellefontaine City School District, Logan County, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 20, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 20, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Bellefontaine City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Bellefontaine City School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Bellefontaine City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 20, 2015

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster: <ul style="list-style-type: none"> • CFDA 10.553 – School Breakfast Program • CFDA 10.555 – National School Lunch Program CFDA 84.010 – Title I Grants to Local Educational Agencies
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2014-001

Noncompliance

Ohio Rev. Code §117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

**FINDING NUMBER 2014-001
(Continued)**

Ohio Admin. Code §117-2-03(B) requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2014, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The District should prepare the financial statements according to generally accepted accounting principles to provide users with more meaningful financial statements.

Officials' Response:

Due to the extra costs associated with preparing and filing a GAAP report, the Board of Education has opted to have the District file financial statements formatted similarly to those prescribed by Governmental Accounting Standards Board Statement No. 34, on the basis of cash receipts and cash disbursements, rather than GAAP.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code §117.38 and Ohio Admin. Code §117-2-03(B) – Failure to report on GAAP	No	Repeated as Finding 2014-001
2013-002	Classroom Facilities Assistance Program Agreement – Failure to record on-behalf payments for the classroom facilities project	Yes	

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BELLEFONTAINE CITY SCHOOL DISTRICT

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 24, 2015**