



Mary Taylor, CPA  
Auditor of State



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Belpre City School District  
Washington County  
2014 Washington Boulevard  
Belpre, Ohio 45714

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Belpre City School District, Washington County, Ohio, as of June 30, 2007, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the Federal Grants Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2008, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by 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 basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

April 2, 2008

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
Unaudited

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The discussion and analysis of the Belpre 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, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for the fiscal year 2007 are as follows:

- In total, net assets increased \$70,661. Net assets of governmental activities increased \$49,640 and net assets of the business-type activity increased \$21,021.
- General revenues accounted for \$8,696,528 in revenue or 80% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,165,900 or 20% of total revenues of \$10,862,428.
- Total program expenses were \$11,181,908, \$10,765,580 in governmental activities and \$416,328 in the business-type activity.

**Using this Annual Financial Report**

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

***Reporting the School District as a Whole***

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, 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 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
Unaudited

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These two statements report the School District's net assets and changes in those assets. This change in net assets 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 restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two kinds of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-Type Activity - Some services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The School District's food service program is reported as a business-type activity.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and Federal Grants Special Revenue 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 fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities (food service); therefore, these statements will essentially match.

***Fiduciary Funds*** Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the School District's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.



**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
 Unaudited

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006.

(Table 1)  
 Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and Other Assets	\$6,560,752	\$7,025,084	\$58,210	\$25,601	\$6,618,962	\$7,050,685
Capital Assets, Net	5,876,735	6,089,097	105,272	91,799	5,982,007	6,180,896
<i>Total Assets</i>	<u>12,437,487</u>	<u>13,114,181</u>	<u>163,482</u>	<u>117,400</u>	<u>12,600,969</u>	<u>13,231,581</u>
<b>Liabilities</b>						
Current and Other Liabilities	5,593,069	6,242,189	51,121	27,142	5,644,190	6,269,331
Long-term Liabilities						
Due Within One Year	53,807	49,526	0	0	53,807	49,526
Due in More Than One Year	656,151	737,646	7,200	6,118	663,351	743,764
<i>Total Liabilities</i>	<u>6,303,027</u>	<u>7,029,361</u>	<u>58,321</u>	<u>33,260</u>	<u>6,361,348</u>	<u>7,062,621</u>
<b>Net Assets</b>						
Invested in Capital Assets,						
Net of Related Debt	5,741,414	5,919,540	105,272	91,799	5,846,686	6,011,339
Restricted	395,588	356,119	0	0	395,588	356,119
Unrestricted (Deficit)	(2,542)	(190,839)	(111)	(7,659)	(2,653)	(198,498)
<i>Total Net Assets</i>	<u>\$6,134,460</u>	<u>\$6,084,820</u>	<u>\$105,161</u>	<u>\$84,140</u>	<u>\$6,239,621</u>	<u>\$6,168,960</u>

Total assets decreased \$630,612, with governmental assets decreasing \$676,694 and business-type assets increasing \$46,082. For governmental activities, \$663,382 of the decrease is in property taxes receivable along with a decrease in capital assets of \$212,362. These decreases were offset by increases in cash and cash equivalents of \$80,262 and intergovernmental receivables of \$129,464. The decrease in property taxes is attributed to the elimination of tangible personal property tax per House Bill 66, which eliminates taxes businesses pay on tangible personal property over a period of four years. The offset is due to the State reimbursing the School District for the taxes eliminated.

Total liabilities decreased \$701,273, with governmental liabilities decreasing \$726,334 and business-type liabilities increasing \$25,061. The largest decrease for the governmental activities is in deferred revenue.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2007 compared to June 30, 2006.

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
 Unaudited

(Table 2)  
 Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activity			
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$372,861	\$492,580	\$141,077	\$127,369	\$513,938	\$619,949
Operating Grants, Contributions and Interest	1,786,864	1,565,925	233,211	170,242	2,020,075	1,736,167
Capital Grants and Contributions	6,175	4,102	15,762	0	21,937	4,102
Total Program Revenues	<u>2,165,900</u>	<u>2,062,607</u>	<u>390,050</u>	<u>297,611</u>	<u>2,555,950</u>	<u>2,360,218</u>
General Revenues:						
Property Taxes	4,982,455	5,085,776	0	0	4,982,455	5,085,776
Grants and Entitlements	3,589,573	2,700,368	0	0	3,589,573	2,700,368
Interest	105,225	103,225	91	289	105,316	103,514
Miscellaneous	19,275	12,865	0	0	19,275	12,865
Total General Revenues	<u>8,696,528</u>	<u>7,902,234</u>	<u>91</u>	<u>289</u>	<u>8,696,619</u>	<u>7,902,523</u>
Transfers	(47,208)	(20,000)	47,208	20,000	0	0
Total Revenues and Transfers	<u>10,815,220</u>	<u>9,944,841</u>	<u>437,349</u>	<u>317,900</u>	<u>11,252,569</u>	<u>10,262,741</u>
<b>Program Expenses</b>						
Instruction:						
Regular	4,814,079	4,758,340	0	0	4,814,079	4,758,340
Special	1,489,822	1,397,993	0	0	1,489,822	1,397,993
Vocational	57,891	58,769	0	0	57,891	58,769
Intervention	9,926	32,633	0	0	9,926	32,633
Support Services:						
Pupils	822,372	758,514	0	0	822,372	758,514
Instructional Staff	565,854	589,536	0	0	565,854	589,536
Board of Education	39,266	43,659	0	0	39,266	43,659
Administration	880,559	972,036	0	0	880,559	972,036
Fiscal	369,049	357,219	0	0	369,049	357,219
Business	1,484	1,718	0	0	1,484	1,718
Operation and Maintenance						
of Plant	998,613	1,002,396	0	0	998,613	1,002,396
Transportation	405,947	439,440	0	0	405,947	439,440
Central	5,663	5,611	0	0	5,663	5,611
Operation of Non-Instructional Services						
Extracurricular Activities	36,139	22,113	0	0	36,139	22,113
Interest and Fiscal Charges	262,150	255,152	0	0	262,150	255,152
Food Service	6,766	8,117	0	0	6,766	8,117
	0	0	416,328	315,018	416,328	315,018
Total Expenses	<u>10,765,580</u>	<u>10,703,246</u>	<u>416,328</u>	<u>315,018</u>	<u>11,181,908</u>	<u>11,018,264</u>
Decrease in Net Assets	49,640	(758,405)	21,021	2,882	70,661	(755,523)
Net Assets Beginning of Year	6,084,820	6,843,225	84,140	81,258	6,168,960	6,924,483
Net Assets End of Year	<u>\$6,134,460</u>	<u>\$6,084,820</u>	<u>\$105,161</u>	<u>\$84,140</u>	<u>\$6,239,621</u>	<u>\$6,168,960</u>

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
 Unaudited

***Governmental Activities***

Property taxes made up approximately 45.9 percent of revenues for governmental activities for Belpre City School District. Of the remaining revenues, the School District receives 49.5 percent from state foundation, federal, and state grants; 3.4 percent from charges for services; and 1.2 percent from interest and local entities.

Over 59.2 percent of the School District's budget is used to fund instructional expenses. Support services make up 38 percent of expenses and 2.8 percent is used for fiscal charges, extracurricular activities, and non-instructional services.

During the fiscal year, the School District experienced changes in the following: a 2.07 percent increase in health insurance costs, a negotiated 2.5 percent salary increase, a significant increase in open enrollment to other school districts, increased workers compensation costs, as well as increases in utility and fuel costs.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and investment earnings 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 those services supported by tax revenue and unrestricted State entitlements.

(Table 3)  
 Governmental Activities

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
<b>Program Expenses</b>				
Instruction:				
Regular	\$4,814,079	\$4,262,586	\$4,758,340	\$4,065,981
Special	1,489,822	545,891	1,397,993	621,774
Vocational	57,891	52,459	58,769	52,422
Intervention	9,926	29	32,633	32,633
Support Services:				
Pupils	822,372	745,918	758,514	706,217
Instructional Staff	565,854	104,458	589,536	200,792
Board of Education	39,266	39,266	43,659	43,659
Administration	880,559	880,332	972,036	968,562
Fiscal	369,049	369,049	357,219	357,219
Business	1,484	1,484	1,718	1,718
Operation and Maintenance of Plant	998,613	989,442	1,002,396	986,889
Pupil Transportation	405,947	376,276	439,440	412,617
Central	5,663	408	5,611	611
Operation of Non-Instructional Services	36,139	20,611	22,113	4,029
Extracurricular Activities	262,150	204,705	255,152	177,399
Interest and Fiscal Charges	6,766	6,766	8,117	8,117
<b>Total</b>	<u>\$10,765,580</u>	<u>\$8,599,680</u>	<u>\$10,703,246</u>	<u>\$8,640,639</u>

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
Unaudited

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The dependence upon tax revenues and state subsidies for governmental activities is apparent. Nearly 81 percent of total expenses are supported through taxes and other general revenues.

***Business-Type Activity***

The business-type activity involves the School District's food service operation. This program had total revenues of \$390,050 and total expenses of \$416,328 for fiscal year 2007. The prices of breakfast, lunch, milk, and ala carte was increased due to the increase in overall costs to the School District. The food management company, AVI, was contracted to oversee and manage the food service operations of the School District.

**The School District Funds**

All governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,728,096 and expenditures of \$10,628,126. Fund balances of the governmental funds did not experience significant changes due to revenues were flat and decreases were made in personnel effectively eliminating deficit spending for 2007.

***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 2007, the School District amended its General Fund budget, but not significantly. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$9,159,597, \$1,151 above final estimates of \$9,158,446. Final estimated revenues were reduced \$176,368 from the original of \$9,334,814. The majority of this difference was due to a decrease in open enrollment students coming into the School District, with the difference caused by less tangible personal property taxes being received than anticipated and basic aid was less than anticipated. Expenditures of \$9,155,965 were lower than final appropriations of \$9,325,725. Final appropriations were \$322,945 below originals. The differences were caused by health insurance premiums increasing only 2.07% instead of 4.76%, the resignation of one secretary and one teacher three months after school started, and less substitute costs in transportation and custodial/maintenance.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2007, the School District had \$5,982,007 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2007 balances compared to 2006.

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
 Unaudited

(Table 4)  
 Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$1,232,814	\$1,232,814	\$0	\$0	\$1,232,814	\$1,232,814
Buildings and Improvements	3,284,966	3,400,869	0	0	3,284,966	3,400,869
Furniture and Equipment	789,737	855,256	105,272	91,799	895,009	947,055
Vehicles	569,218	600,158	0	0	569,218	600,158
Totals	<u>\$5,876,735</u>	<u>\$6,089,097</u>	<u>\$105,272</u>	<u>\$91,799</u>	<u>\$5,982,007</u>	<u>\$6,180,896</u>

In 2007, School District had minimal capital projects that included replacing water tubes in the Stone Elementary boiler, replacing and repairing equipment as needed, and replacing asphalt where needed throughout the School District.

See Note 11 to the basic financial statements for more information on capital assets.

***Debt***

At June 30, 2007, the School District had \$138,000 in energy conservation loans outstanding which had been issued in fiscal year 2004. See Note 14 to the basic financial statements for more information on debt.

**Current Issues**

The Board of Education and administration closely monitor revenues and expenditures in accordance with its financial forecast and work to prudently utilize, efficiently and effectively, the tax dollars and other resources available.

The School District faces many challenges in today's environment and does not anticipate any meaningful growth in State revenue due to uncertainties surrounding the State budget and the State's unwillingness to adequately support school districts with higher property valuations per pupil. The School District relies heavily on its taxpayers to support its operations and asked the community on February 8, 2005, to renew an Emergency Levy that expired on December 31, 2004. The levy passed.

Based upon the current financial situation, with the renewal of the Emergency Levy, the School District will be able to maintain financial stability through 2009 by trimming expenses and living within the means provided. Upon reviewing the School District's five-year forecast, the biggest concerns are fiscal year 2010 and beyond.

The School District is reviewing current programs and will use attrition as much as possible to reduce future costs. Negotiations for the certified and classified staff will be in the spring and summer of 2008.

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
Unaudited

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**Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and 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 Eva Yeager, Treasurer at Belpre City School District, 2014 Washington Blvd., Belpre, Ohio 45714, or E-Mail at [bc\\_eyeager@seovec.org](mailto:bc_eyeager@seovec.org).

**Belpre City School District, Ohio**

*Statement of Net Assets*

*June 30, 2007*

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,088,521	\$20,013	\$2,108,534
Cash and Cash Equivalents in Segregated Accounts	535	0	535
Investments	2,500	0	2,500
Inventory Held for Resale	0	7,293	7,293
Materials and Supplies Inventory	21,874	1,877	23,751
Interest Receivable	222	0	222
Intergovernmental Receivable	299,294	29,027	328,321
Prepaid Items	1,003	0	1,003
Accounts Receivable	10,373	0	10,373
Property Taxes Receivable	4,133,751	0	4,133,751
Deferred Charges	2,679	0	2,679
Nondepreciable Capital Assets	1,232,814	0	1,232,814
Depreciable Capital Assets, Net	4,643,921	105,272	4,749,193
<i>Total Assets</i>	<u>12,437,487</u>	<u>163,482</u>	<u>12,600,969</u>
<b>Liabilities</b>			
Accounts Payable	64,839	15,142	79,981
Accrued Wages and Benefits Payable	1,155,976	27,001	1,182,977
Vacation Benefits Payable	31,469	0	31,469
Deferred Revenue	4,001,148	0	4,001,148
Intergovernmental Payable	339,637	8,978	348,615
Long-Term Liabilities:			
Due Within One Year	53,807	0	53,807
Due In More Than One Year	656,151	7,200	663,351
<i>Total Liabilities</i>	<u>6,303,027</u>	<u>58,321</u>	<u>6,361,348</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,741,414	105,272	5,846,686
Restricted for:			
Capital Projects	46,732	0	46,732
Budget Stabilization	22,171	0	22,171
Bus Purchase	57,149	0	57,149
Textbooks	176,189	0	176,189
Unclaimed Monies	1,790	0	1,790
Music Trust:			
Non-Expendable	2,500	0	2,500
Expendable	1,509	0	1,509
Other Purposes	87,548	0	87,548
Unrestricted (Deficits)	<u>(2,542)</u>	<u>(111)</u>	<u>(2,653)</u>
<i>Total Net Assets</i>	<u>\$6,134,460</u>	<u>\$105,161</u>	<u>\$6,239,621</u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2007

	Program Revenues				Net (Expense)Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<b>Governmental Activities</b>							
Instruction:							
Regular	\$4,814,079	\$299,660	\$251,833	\$0	(\$4,262,586)	\$0	(\$4,262,586)
Special	1,489,822	0	943,931	0	(545,891)	0	(545,891)
Vocational	57,891	0	5,432	0	(52,459)	0	(52,459)
Intervention	9,926	0	9,897	0	(29)	0	(29)
Support Services:							
Pupils	822,372	15,756	60,698	0	(745,918)	0	(745,918)
Instructional Staff	565,854	0	461,396	0	(104,458)	0	(104,458)
Board of Education	39,266	0	0	0	(39,266)	0	(39,266)
Administration	880,559	0	227	0	(880,332)	0	(880,332)
Fiscal	369,049	0	0	0	(369,049)	0	(369,049)
Business	1,484	0	0	0	(1,484)	0	(1,484)
Operation and							
Maintenance of Plant	998,613	0	9,171	0	(989,442)	0	(989,442)
Pupil Transportation	405,947	0	23,496	6,175	(376,276)	0	(376,276)
Central	5,663	0	5,255	0	(408)	0	(408)
Operation of Non-Instructional							
Services	36,139	0	15,528	0	(20,611)	0	(20,611)
Extracurricular Activities	262,150	57,445	0	0	(204,705)	0	(204,705)
Interest and Fiscal Charges	6,766	0	0	0	(6,766)	0	(6,766)
<i>Total Governmental Activities</i>	10,765,580	372,861	1,786,864	6,175	(8,599,680)	0	(8,599,680)
<b>Business-Type Activity</b>							
Food Service	416,328	141,077	233,211	15,762	0	(26,278)	(26,278)
<i>Totals</i>	<u>\$11,181,908</u>	<u>\$513,938</u>	<u>\$2,020,075</u>	<u>\$21,937</u>	<u>(8,599,680)</u>	<u>(26,278)</u>	<u>(8,625,958)</u>
<b>General Revenues</b>							
Property Taxes Levied for General Purposes					4,982,455	0	4,982,455
Grants and Entitlements not Restricted to Specific Programs					3,589,573	0	3,589,573
Interest					105,225	91	105,316
Miscellaneous					19,275	0	19,275
<i>Total General Revenues</i>					8,696,528	91	8,696,619
Transfers					(47,208)	47,208	0
<i>Total General Revenues and Transfers</i>					8,649,320	47,299	8,696,619
<i>Change in Net Assets</i>					49,640	21,021	70,661
<i>Net Assets Beginning of Year</i>					6,084,820	84,140	6,168,960
<i>Net Assets End of Year</i>					<u>\$6,134,460</u>	<u>\$105,161</u>	<u>\$6,239,621</u>

See accompanying notes to the basic financial statements



**Belpre City School District, Ohio***Balance Sheet**Governmental Funds**June 30, 2007*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,614,557	\$47,233	\$169,432	\$1,831,222
Cash and Cash Equivalents in Segregated Accounts	0	0	535	535
Investments	0	0	2,500	2,500
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	257,299	0	0	257,299
Receivables:				
Property Taxes	4,133,751	0	0	4,133,751
Accounts	10,373	0	0	10,373
Intergovernmental	158	283,592	15,544	299,294
Interest	0	0	222	222
Prepaid Items	1,003	0	0	1,003
Materials and Supplies Inventory	21,874	0	0	21,874
<i>Total Assets</i>	<u>\$6,039,015</u>	<u>\$330,825</u>	<u>\$188,233</u>	<u>\$6,558,073</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$44,762	\$4,072	\$16,005	\$64,839
Accrued Wages and Benefits Payable	952,970	174,477	28,529	1,155,976
Intergovernmental Payable	307,078	28,446	4,113	339,637
Deferred Revenue	4,047,552	120,555	5,601	4,173,708
<i>Total Liabilities</i>	<u>5,352,362</u>	<u>327,550</u>	<u>54,248</u>	<u>5,734,160</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	81,869	8,565	15,554	105,988
Reserved for Contributions	0	0	2,500	2,500
Reserved for Property Taxes	95,951	0	0	95,951
Reserved for Bus Purchase	57,149	0	0	57,149
Reserved for Budget Stabilization	22,171	0	0	22,171
Reserved for Textbooks	176,189	0	0	176,189
Reserved for Unclaimed Monies	1,790	0	0	1,790
Unreserved:				
Designated for Budget Stabilization	276,911	0	0	276,911
Undesignated, Reported in:				
General Fund (Deficit)	(25,377)	0	0	(25,377)
Special Revenue Funds (Deficit)	0	(5,290)	76,625	71,335
Capital Projects Funds	0	0	38,019	38,019
Permanent Fund	0	0	1,287	1,287
<i>Total Fund Balances</i>	<u>686,653</u>	<u>3,275</u>	<u>133,985</u>	<u>823,913</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,039,015</u>	<u>\$330,825</u>	<u>\$188,233</u>	<u>\$6,558,073</u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2007*

<b>Total Governmental Fund Balances</b>		\$823,913
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,876,735
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	36,652	
Grants	125,934	
Interest	222	
Student Fees	9,752	172,560
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		2,679
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(31,469)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conversation Loans Payable	(138,000)	
Sick Leave Benefits Payable	(571,958)	(709,958)
Net Assets of Governmental Activities		\$6,134,460

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2007*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$4,965,125	\$0	\$0	\$4,965,125
Intergovernmental	3,816,528	1,200,400	246,695	5,263,623
Interest	105,151	0	0	105,151
Tuition and Fees	279,263	0	18,439	297,702
Extracurricular Activities	0	0	73,201	73,201
Gifts and Donations	0	0	4,019	4,019
Miscellaneous	13,258	0	6,017	19,275
<i>Total Revenues</i>	<u>9,179,325</u>	<u>1,200,400</u>	<u>348,371</u>	<u>10,728,096</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,459,877	110,071	156,216	4,726,164
Special	816,796	656,128	2,183	1,475,107
Vocational	56,897	0	0	56,897
Intervention	594	3,284	6,048	9,926
Support Services:				
Pupils	727,126	460	80,226	807,812
Instructional Staff	147,118	392,841	30,353	570,312
Board of Education	39,234	0	0	39,234
Administration	884,646	200	0	884,846
Fiscal	368,686	0	0	368,686
Business	1,484	0	0	1,484
Operation and Maintenance of Plant	973,632	0	9,000	982,632
Pupil Transportation	370,859	0	0	370,859
Central	0	0	5,250	5,250
Operation of Non-Instructional Services	0	0	31,453	31,453
Extracurricular Activities	175,694	0	73,824	249,518
Capital Outlay	6,944	0	0	6,944
Debt Service:				
Principal Retirement	0	0	35,000	35,000
Interest and Fiscal Charges	0	0	6,002	6,002
<i>Total Expenditures</i>	<u>9,029,587</u>	<u>1,162,984</u>	<u>435,555</u>	<u>10,628,126</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>149,738</u>	<u>37,416</u>	<u>(87,184)</u>	<u>99,970</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	51,002	51,002
Transfers Out	(98,210)	0	0	(98,210)
<i>Total Other Financing Sources (Uses)</i>	<u>(98,210)</u>	<u>0</u>	<u>51,002</u>	<u>(47,208)</u>
<i>Net Change in Fund Balances</i>	51,528	37,416	(36,182)	52,762
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>635,125</u>	<u>(34,141)</u>	<u>170,167</u>	<u>771,151</u>
<i>Fund Balances End of Year</i>	<u>\$686,653</u>	<u>\$3,275</u>	<u>\$133,985</u>	<u>\$823,913</u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2007*

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**Net Change in Fund Balances - Total Governmental Funds** \$52,762

*Amounts reported for governmental activities in the statement of activities  
are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded depreciation:

Capital Asset Additions	38,695	
Depreciation Expense	(234,898)	(196,203)

The cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a loss on disposal of capital assets on the statement of activities. (16,159)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Student Fees	1,958	
Grants	114,970	
Interest	74	
Delinquent Taxes	17,330	134,332

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 35,000

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due:  
Amortization of Issuance Costs (764)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	(1,542)	
Sick Leave Benefits Payable	42,214	40,672

*Change in Net Assets of Governmental Activities* \$49,640

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$4,994,755	\$4,950,250	\$4,950,250	\$0
Intergovernmental	3,858,859	3,813,945	3,813,945	0
Interest	100,000	104,000	105,151	1,151
Tuition and Fees	374,500	278,144	278,144	0
Miscellaneous	6,700	12,107	12,107	0
<i>Total Revenues</i>	<u>9,334,814</u>	<u>9,158,446</u>	<u>9,159,597</u>	<u>1,151</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,640,776	4,453,129	4,439,721	13,408
Special	864,497	886,540	868,419	18,121
Vocational	60,602	60,692	58,830	1,862
Intervention	0	1,140	656	484
Support Services:				
Pupils	717,504	753,053	725,688	27,365
Instructional Staff	157,649	157,649	143,675	13,974
Board of Education	51,394	51,394	45,146	6,248
Administration	940,821	904,821	887,552	17,269
Fiscal	412,033	414,433	377,284	37,149
Business	2,377	2,377	1,810	567
Operation and Maintenance of Plant	1,152,755	1,062,381	1,051,588	10,793
Pupil Transportation	440,036	388,036	373,574	14,462
Extracurricular Activities	178,226	182,326	174,579	7,747
Capital Outlay	30,000	7,754	7,443	311
<i>Total Expenditures</i>	<u>9,648,670</u>	<u>9,325,725</u>	<u>9,155,965</u>	<u>169,760</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(313,856)</u>	<u>(167,279)</u>	<u>3,632</u>	<u>170,911</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	56,000	54,431	54,431	0
Advances In	0	24,030	24,030	0
Refund of Prior Year Receipts	(100)	(100)	(35)	65
Other Financing Uses	(70,000)	0	0	0
Advances Out	(7,900)	(27,724)	(24,030)	3,694
Transfers Out	(45,000)	(98,210)	(98,210)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(67,000)</u>	<u>(47,573)</u>	<u>(43,814)</u>	<u>3,759</u>
<i>Net Change in Fund Balance</i>	<u>(380,856)</u>	<u>(214,852)</u>	<u>(40,182)</u>	<u>174,670</u>
<i>Fund Balance Beginning of Year</i>	1,646,877	1,646,877	1,646,877	0
Prior Year Encumbrances Appropriated	146,893	146,893	146,893	0
<i>Fund Balance End of Year</i>	<u>\$1,412,914</u>	<u>\$1,578,918</u>	<u>\$1,753,588</u>	<u>\$174,670</u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*Federal Grants Special Revenue Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$1,425,077	\$1,193,710	\$1,193,710	\$0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	131,072	122,020	120,563	1,457
Special	847,087	654,760	652,182	2,578
Other	17,600	14,827	14,704	123
Support Services:				
Pupils	0	460	460	0
Instructional Staff	437,371	390,445	386,001	4,444
Administration	5,000	200	200	0
<i>Total Expenditures</i>	<u>1,438,130</u>	<u>1,182,712</u>	<u>1,174,110</u>	<u>8,602</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(13,053)</u>	<u>10,998</u>	<u>19,600</u>	<u>8,602</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	24,030	24,030	0
Advances Out	0	(24,030)	(24,030)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(13,053)	10,998	19,600	8,602
<i>Fund Balance Beginning of Year</i>	7,208	7,208	7,208	0
Prior Year Encumbrances Appropriated	7,855	7,855	7,855	0
<i>Fund Balance End of Year</i>	<u>\$2,010</u>	<u>\$26,061</u>	<u>\$34,663</u>	<u>\$8,602</u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**

*Statement of Fund Net Assets*

*Proprietary Fund*

*June 30, 2007*

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	<u>Business-Type Activity - Food Service Enterprise Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$20,013
Inventory Held for Resale	7,293
Materials and Supplies Inventory	1,877
Intergovernmental Receivable	<u>29,027</u>
<i>Total Current Assets</i>	58,210
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>105,272</u>
<i>Total Assets</i>	<u>163,482</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	15,142
Accrued Wages and Benefits Payable	27,001
Intergovernmental Payable	<u>8,978</u>
<i>Total Current Liabilities</i>	51,121
Long-term Liabilities:	
Sick Leave Benefits Payable	<u>7,200</u>
<i>Total Liabilities</i>	<u>58,321</u>
<b>Net Assets</b>	
Invested in Capital Assets	105,272
Unrestricted (Deficit)	<u>(111)</u>
<b>Total Net Assets</b>	<u><u>\$105,161</u></u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2007*

	<u>Business-Type Activity - Food Service Enterprise Fund</u>
<b>Operating Revenues</b>	
Sales	<u>\$141,077</u>
<b>Operating Expenses</b>	
Salaries	117,084
Fringe Benefits	33,331
Purchased Services	59,522
Materials and Supplies	57,865
Cost of Sales	146,237
Depreciation	<u>2,289</u>
<i>Total Operating Expenses</i>	<u>416,328</u>
<i>Operating Loss</i>	<u>(275,251)</u>
<b>Non-Operating Revenues</b>	
Federal Donated Commodities	18,729
Interest	91
Federal and State Subsidies	<u>214,482</u>
<i>Total Non-Operating Revenues</i>	<u>233,302</u>
<i>Loss before Contributions and Transfers</i>	(41,949)
Capital Contributions	15,762
Transfers In	<u>47,208</u>
<i>Net Change in Net Assets</i>	21,021
<i>Net Assets Beginning of Year</i>	<u>84,140</u>
<i>Net Assets End of Year</i>	<u><u>\$105,161</u></u>

See accompanying notes to the basic financial statements



**Belpre City School District, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Business-Type Activity - Food Service Enterprise Fund
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$141,163
Cash Payments to Suppliers for Goods and Services	(234,802)
Cash Payments for Employee Services	(108,158)
Cash Payments for Employee Benefits	(32,338)
	(234,135)
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers In	47,208
Operating Grants Received	206,249
	253,457
<b>Cash Flows from Investing Activities</b>	
Interest	91
	19,413
<i>Net Increase in Cash and Cash Equivalents</i>	19,413
<i>Cash and Cash Equivalents Beginning of Year</i>	600
<i>Cash and Cash Equivalents End of Year</i>	\$20,013
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$275,251)
Depreciation	2,289
Donated Commodities Received During Year	18,729
Changes in Assets and Liabilities:	
Increase in Inventory Held for Resale	(4,775)
Increase in Materials and Supplies Inventory	(274)
Decrease in Accounts Receivable	86
Increase in Accounts Payable	15,142
Increase in Accrued Wages and Benefits Payable	9,061
Increase in Sick Leave Benefits Payable	1,082
Decrease in Intergovernmental Payable	(224)
	(234,135)
Net Cash Used for Operating Activities	(\$234,135)

Non-Cash Non-Capital Financing Transactions: During fiscal year 2007, the Food Service Enterprise Fund received \$18,729 in donated commodities. Also, the Permanent Improvement Capital Projects Fund acquired \$15,762 in capital assets for the Food Service Enterprise Fund.

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2007*

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	Private Purpose Trust	
	Hawk Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$425	<u>\$28,862</u>
Investments	2,500	
Accrued Interest Receivable	<u>221</u>	
Total Assets	3,146	
<b>Liabilities</b>		
Due to Students	<u>0</u>	<u>\$28,862</u>
<b>Net Assets</b>		
Restricted for Endowments	2,500	
Held in Trust for Scholarships	<u>646</u>	
Total Net Assets	<u>\$3,146</u>	

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Private Purpose Trust
	Hawk Scholarship
<b>Additions</b>	
Interest	\$73
<b>Deductions</b>	
Scholarships	0
<i>Change in Net Assets</i>	73
<i>Net Assets Beginning of Year</i>	3,073
<i>Net Assets End of Year</i>	\$3,146

See accompanying notes to the basic financial statements

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**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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**Note 1 - Description of the School District and Reporting Entity**

Belpre City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 54 classified employees and 86 certified personnel, who provide services to 1,220 students and other community members.

*Reporting Entity*

A reporting entity is composed 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 has no component units.

The School District participates in four jointly governed organizations and one insurance purchasing pool. These organizations are the Southeastern Ohio Voluntary Education Cooperative, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, the South Eastern Ohio Special Education Regional Resource Center, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless those pronouncements conflict with or contradict GASB pronouncements. The School District has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activity and enterprise fund. The more significant of the School District's accounting policies are described below.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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**A. Basis of Presentation**

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

**Government-wide Financial Statements** The statement of net assets 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.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

**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 and enterprise 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. Fiduciary funds are reported by type.

**B. 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.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School District's major funds are the General Fund and Federal Grants Special Revenue Fund.

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

**Federal Grants Fund** This fund is used to account for all federal grants received by the School District including IDEA-B, Title I, Title V, Title IV, Title II-A, Title II-D, and the Reading First Grant.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

***Proprietary Fund Type*** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no internal service funds.

***Enterprise Fund*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's only enterprise fund accounts for the operation of the School District's food service program.

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

***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

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

The private purpose trust fund is reported using the economic resources measurement focus.

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred revenue.

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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



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***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for the investments of the permanent and private purpose trust funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During fiscal year 2007, investments were limited to certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2007 amounted to \$105,151, which includes \$10,150 assigned from other School District funds.

The School District has a segregated bank account for athletic activities. This depository account is presented as "cash and cash equivalents in segregated accounts" since it is not deposited into the School District treasury.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

***G. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of expendable supplies held for consumption and donated and purchased commodities held for resale.

***H. Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets utilized by the Food Service Enterprise Fund are reported both in the business-type activity column of the government-wide statement of net assets and in the fund.

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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

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

Description	Estimated Lives
Buildings and Improvements	30 – 150 years
Furniture and Equipment	10 – 50 years
Vehicles	20 years

***I. Issuance Costs***

On government-wide financial statements, issuance costs are recorded as deferred charges and amortized over the term of the related debt. On the governmental fund financial statements, issuance costs are recognized in the period in which they were incurred.

***J. Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include unexpended revenues restricted for the purchase of buses, amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional material and budget stabilization, and unclaimed monies. See Note 18 for additional information regarding set-asides.

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances for most employees are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

**Belpre City School District, Ohio**  
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The School District records a liability for accumulated unused sick leave for certified employees with five years of service with the School District and for classified employees with eight years of service with the School District.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

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

***M. Interfund Activity***

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

***N. Fund Balance Reserves and Designations***

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, contributions, property taxes, bus purchase, budget stabilization, textbooks, and unclaimed monies.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

Designations represent tentative plans for future use of financial resources. The School District has a designation of fund balance on the balance sheet for money set aside for budget stabilization in excess of the amount required by Statute.

***O. Net Assets***

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

**Belpre City School District, Ohio**  
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government-wide statement of net assets reports \$395,588 of restricted net assets, of which none are restricted by enabling legislation. Net assets restricted for other purposes include music and athletic programs, community education, and local, federal, and state grants restricted to expenditure for specified purposes.

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

***P. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for food service programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

***Q. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

***R. Estimates***

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

***S. Budgetary Process***

All funds, other than agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board. The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from the prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 3 – Fund Deficits**

At June 30, 2007, the State Grants Special Revenue Fund had a fund deficit of \$6,451. The deficit resulted from adjustments for accrued liabilities. The General Fund is liable for any deficits in this fund and will provide operating transfers when cash is required, not when accruals occur.

**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General and Federal Grants Funds 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 GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Federal Grants Special Revenue Fund.

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Net Change in Fund Balance

	General	Federal Grants
GAAP Basis	\$51,528	\$37,416
Net Adjustment for Revenue Accruals	35,285	(6,690)
Prepaid Items:		
Beginning of Fiscal Year	1,107	0
End of Fiscal Year	(1,003)	0
Unreported Cash - End of Fiscal Year	(582)	
Net Adjustment for Expenditure Accruals	(8,831)	1,444
Advances In	24,030	24,030
Advances Out	(24,030)	(24,030)
Encumbrances	(117,686)	(12,570)
Budget Basis	(\$40,182)	\$19,600

**Note 5 - 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 deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies 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;

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in Division (1) or (2) of Ohio Rev. Code Section 135.18;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

**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. At fiscal year end, \$1,989,989 of the School District's bank balance of \$2,189,989 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured 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 public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

## **Note 6 - 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, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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 semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006, and are collected in 2007 with real property taxes. Public utility real property

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

Tangible personal property tax revenue received during calendar 2007 (other than public utility property tax) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value listed as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.50 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Washington 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, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue. The amount available as an advance at June 30, 2007, was \$95,951 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2006, was \$81,076. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$128,032,700	66.66%	\$129,013,150	67.20%
Public Utility Personal	6,840,220	3.56%	6,513,820	3.39%
Tangible Personal Property	57,187,830	29.78%	56,474,626	29.41%
<b>Total</b>	<b>\$192,060,750</b>	<b>100.00%</b>	<b>\$192,001,596</b>	<b>100.00%</b>
 Tax Rate per \$1,000 of assessed valuation	 \$35.12		 \$34.30	



**Belpre City School District, Ohio**  
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**Note 7 - Receivables**

Receivables at June 30, 2007, consisted of property taxes, accounts (rent, student fees, and tuition), interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$36,652 may not be collected within one year. All other receivables are expected to be collected within one year.

A summary of principal items of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities:</b>	
Part B Idea	\$106,189
Alternative Education Challenge	3,790
Title I	66,616
E-Rate	11,738
Title IIA	13,920
Title V	1,105
Title IID	188
Safe and Drug Free Schools	1,986
CORE	11,754
Reading First	81,850
Refunds	158
Total Governmental Activities	299,294
 <b>Business-Type Activity:</b>	
National School Lunch	29,027
Total	\$328,321

**Note 8 - Transfers**

During fiscal year 2007, the General Fund transferred \$10,000 to the Athletic and Music Special Revenue Fund, \$41,002 to the Permanent Improvement Capital Projects Fund, and \$47,208 to the Food Service Enterprise Fund. The transfer to the Athletic and Music Fund was made to help cover the costs of the athletic and music programs. The transfer to the Permanent Improvement Fund was made to help cover costs of improvements. The transfer to the Food Service Fund was made to help cover additional expenses of the program not covered by user fees and federal and state subsidies.

## **Note 9 - Risk Management**

### ***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the School District contracted with Indiana Insurance Company for property insurance and boiler and machinery coverage. Property damage is on a replacement cost basis for a blanket amount of \$26,929,900 on buildings and contents. The policies include a \$5,000 deductible.

Professional and general liability is protected by Indiana Insurance Company with a \$1,000,000 single occurrence limit with \$2,000,000 aggregate and \$0 deductible. Vehicles are covered also by Indiana Insurance Company and hold a \$1,000 deductible for both comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

### ***B. Workers' Compensation***

For fiscal year 2007, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

## **Note 10 - Employee Benefits**

### ***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Vacation days must be used by employees in the fiscal year following the fiscal year in which the benefit was earned. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 238 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 57 days.

### ***B. Insurance***

The School District provides health and major medical insurance for all eligible employees by contracting with Anthem Blue Cross/Blue Shield Insurance Company. The School District pays monthly premiums of up to

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

\$911.45 for family and \$329.47 for individual for Preferred Provider Organizations coverage. Premiums are paid from the same funds that pay the employees' salaries.

The School District provides life insurance and accidental death dismemberment to most employees through Met Insurance Company in the amount of \$25,000 for classified employees and \$25,000 for certified employees, \$60,000 for administrators, \$50,000 for the treasurer and \$100,000 for the superintendent.

Dental coverage is provided through Core Source, Inc. Premiums for this coverage are \$51.01 monthly for family and individual coverage. The School District also provides vision insurance to its employees through Vision Service Plan. The monthly premium for this coverage is \$12.50 for family and individual coverage.

**Note 11 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/06	Additions	Reductions	Balance 6/30/07
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$1,232,814	\$0	\$0	\$1,232,814
Capital assets being depreciated				
Buildings and Improvements	5,808,994	9,544	0	5,818,538
Furniture and Equipment	1,729,157	29,151	(45,563)	1,712,745
Vehicles	846,569	0	0	846,569
Total capital assets being depreciated	8,384,720	38,695	(45,563)	8,377,852
Accumulated depreciation				
Buildings and Improvements	(2,408,125)	(125,447)	0	(2,533,572)
Furniture and Equipment	(873,901)	(78,511)	29,404	(923,008)
Vehicles	(246,411)	(30,940)	0	(277,351)
Total accumulated depreciation	(3,528,437)	(234,898) *	29,404	(3,733,931)
Capital assets being depreciated, net	4,856,283	(196,203)	(16,159)	4,643,921
Governmental Activities capital assets, net	\$6,089,097	(\$196,203)	(\$16,159)	\$5,876,735
<b>Business-Type Activity:</b>				
Capital assets being depreciated				
Furniture and Fixtures	\$140,992	\$15,762	\$0	\$156,754
Less Accumulated Depreciation	(49,193)	(2,289)	0	(51,482)
Business-Type Activity capital assets, net	\$91,799	\$13,473	\$0	\$105,272

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$127,321
Special Instruction	6,676
Vocational	994
Support Services:	
Pupils	11,046
Instructional Staff	7,564
Board of Education	32
Administration	7,337
Fiscal	2,088
Operation and Maintenance of Plant	17,950
Pupil Transportation	32,494
Central	413
Operation of Non-Instructional Services	4,686
Extracurricular Activities	16,297
Total Depreciation Expense	<u><u>\$234,898</u></u>

**Note 12 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

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 School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$129,652, \$133,984, and \$158,079, respectively; 38.56 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 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. For fiscal year 2006, the portion to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. 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 the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$626,232, \$645,847, and \$591,206, respectively; 81.61 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$6,062 made by the School District and \$18,625 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, 2007, four members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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**Note 13 - Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$48,172.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$65,964.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care at June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants receiving health care benefits.

**Note 14 – Long-Term Obligations**

The changes in the School District's long-term obligations during the fiscal year consist of the following:

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

	Principal Outstanding 6/30/06	Additions	Reductions	Principal Outstanding 6/30/07	Amounts Due in One Year
<b>Governmental Activities:</b>					
April 29, 2004, \$243,000					
Energy Conservation Loan - 4.5%	\$173,000	\$0	\$35,000	\$138,000	\$35,000
Sick Leave Benefits	614,172	49,315	91,529	571,958	18,807
Total Governmental Activities	<u>\$787,172</u>	<u>\$49,315</u>	<u>\$126,529</u>	<u>\$709,958</u>	<u>\$53,807</u>
<b>Business-Type Activity:</b>					
Sick Leave Benefits	<u>\$6,118</u>	<u>\$1,082</u>	<u>\$0</u>	<u>\$7,200</u>	<u>\$0</u>

On April 29, 2004, Belpre City School District issued \$243,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The loan will be paid from energy savings realized from the energy conservation measures.

Sick leave benefits will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, Federal Grants Special Revenue Fund, and the Food Service Enterprise Fund.

The overall debt margin of the School District as of June 30, 2007, was \$12,099,531, with an unvoted debt margin of \$134,439. Principal and interest requirements to retire the energy conservation loans outstanding at June 30, 2007, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2008	\$35,000	\$2,560	\$37,560
2009	35,000	3,822	38,822
2010	34,000	2,522	36,522
2011	34,000	1,262	35,262
Total	<u>\$138,000</u>	<u>\$10,166</u>	<u>\$148,166</u>

**Note 15 - Jointly Governed Organizations**

**A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)**

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 30 participants consisting of 26 school districts and 4 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2007, the School District paid \$39,992 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, Athens, Ohio 45701.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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***B. Washington County Career Center***

The Washington County Career Center, a joint vocational school, 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 six participating school districts' elected boards and one representative from the Washington County Educational Service Center's Board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Career Center, Janine Satterfield, Treasurer, at 21740 SR 676, Marietta, Ohio 45750.

***C. Coalition of Rural and Appalachian Schools***

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$330 for fiscal year 2007.

***D. South Eastern Ohio Special Education Regional Resource Center (SEOSERRC)***

SEOSERRC is a special education regional resource 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. SEOSERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, and representatives of county boards of MR/DD, Ohio University, and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2007, the School District paid \$3,788 to SEOSERRC. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

**Note 16 - Insurance Purchasing Pool**

***Ohio School Boards Association Workers' Compensation Group Rating Plan***

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



**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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**Note 17 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

**B. Litigation**

The School District is currently not a party to any legal proceedings.

**Note 18 - Set-Asides**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2007, this continues to be set aside.

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

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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	Budget Stabilization	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2006	\$299,082	(\$341,400)	\$167,734
Current Year Set-aside Requirement	0	181,931	181,931
Designated by the Board	(276,911)	0	0
Qualifying Disbursements	0	(156,829)	(173,476)
Total	<u>\$22,171</u>	<u>(\$316,298)</u>	<u>\$176,189</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$22,171</u>	<u>\$0</u>	<u>\$176,189</u>

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<b>FEDERAL GRANTOR</b> <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through Ohio Department of Education:</i>						
Food Donation	10.550	N/A	\$	\$ 18,729	\$	\$ 18,729
Nutrition Cluster:						
School Breakfast Program	10.553	05PU-2006 05PU-2007	14,016 40,429		14,016 40,429	
Total School Breakfast Program			54,445	0	54,445	0
National School Lunch Program	10.555	LLP4-2006 LLP4-2007	38,200 106,164		38,200 106,164	
Total National School Lunch Program			144,364	0	144,364	0
Total Nutrition Cluster			198,809	0	198,809	0
Total United States Department of Agriculture			198,809	18,729	198,809	18,729
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	84.010	C1S1-2006 C1S1-2007	66,762 280,261		72,846 271,485	
Total Title I Grants to Local Educational Agencies			347,023	0	344,331	0
Special Education - Grants to States	84.027	6BSF-2006 6BSF-2007	48,535 226,844		51,899 216,349	
Total Special Education - Grants to States			275,379	0	268,248	0
Safe and Drug-Free Schools and Communities - State Grants	84.186	DRS1-2006 DRS1-2007	(1,904) 9,330		8,945	
Total Safe and Drug-Free Schools and Communities - State Grants			7,426	0	8,945	0
State Grants for Innovative Programs	84.298	C2S1-2006 C2S1-2007	1,200 2,770		1,200 2,770	
Total State Grants for Innovative Programs			3,970	0	3,970	0
Education Technology State Grants	84.318	TJS1-2006 TJS1-2007	(14) 3,971		3,745	
Total Education Technology State Grants			3,957	0	3,745	0
Reading First State Grants	84.357	RSS1-2006 RSS1-2007	58,939 400,660		62,839 384,164	
Total Reading First State Grants			459,599	0	447,003	0
Improving Teacher Quality State Grants	84.367	TRS1-2006 TRS1-2007	10,321 69,288		12,023 65,073	
Total Improving Teacher Quality State Grants			79,609	0	77,096	0
Total United States Department of Education			1,176,963	0	1,153,338	0
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through Washington County</i>						
<i>Department of Job and Family Services:</i>						
Temporary Assistance for Needy Families	93.558	N/A	4,000		4,000	
Total United States Department of Health and Human Services			4,000	0	4,000	0
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$ 1,379,772</b>	<b>\$ 18,729</b>	<b>\$ 1,356,147</b>	<b>\$ 18,729</b>

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

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

**NOTE D – TRANSFERS**

During fiscal year 2007, the Ohio Department of Education (ODE) authorized the District to carryover monies from the prior fiscal year to the current fiscal year. Authorized carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. A detailed listing of the carryovers is as follows:

CFDA Number	Program Title	Pass- Through Entity Number	Transfers Out	Transfers In
84.010	Title I Grants to Local Education Agencies	C1S1-2006	\$ 7,333	
84.010	Title I Grants to Local Education Agencies	C1S1-2007		\$ 7,333
84.027	Special - Grants to States	6BSF-2006	377	
84.027	Special Education - Grants to States	6BSF-2007		377
84.186	Safe and Drug-Free Schools and Communities	DRS1-2006	1,904	
84.186	Safe and Drug-Free Schools and Communities	DRS1-2007		1,904
84.318	Education Technology State Grants	TJS1-2006	14	
84.318	Education Technology State Grants	TJS1-2007		14
84.357	Reading First State Grants	RSS1-2006	577	
84.357	Reading First State Grants	RSS1-2007		577
84.367	Improving Teacher Quality State Grants	TRS1-2006	274	
84.367	Improving Teacher Quality State Grants	TRS1-2007		274
Totals			<u>\$ 10,479</u>	<u>\$ 10,479</u>



# Mary Taylor, CPA

Auditor of State

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

Belpre City School District  
Washington County  
2014 Washington Boulevard  
Belpre, Ohio 45714

To the Board of Education:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

We also noted a certain internal control matter that we reported to the School District's management in a separate letter dated April 2, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the School 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, providing an opinion 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 that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2007-001.

We also noted certain noncompliance or other matter not requiring inclusion in this report that we reported to the School District's management in a separate letter dated April 2, 2008.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 2, 2008



# Mary Taylor, CPA

## Auditor of State

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

Belpre City School District  
Washington County  
2014 Washington Boulevard  
Belpre, Ohio 45714

To the Board of Education:

#### Compliance

We have audited the compliance of the Belpre City School District, Washington County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2007. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

#### Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 2, 2008



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under §.510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Title I Grants to Local Educational Agencies - CFDA #84.010
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2007-001**

**Noncompliance Citation and Significant Deficiency**

Ohio Rev. Code Section 149.351 provides that no public records shall be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or part, except as provided by law or under the rules adopted by the records commission provided under Ohio Rev. Code Sections 149.38 to 149.42.

The Belpre City Schools Student Activity Handbook section on Sales Project Potential states that the sales project potential form is designed to account for the income and expenses for sales projects conducted by the student activity organizations. The purpose of the sales project potential form is to provide information to advisors and administrators about the various projects and inform them of whether they are functioning in accordance with adopted Board policies. Proper and accurate completion of sales project potential forms also provides a level of protection to the participants should a shortage of sales revenue or inventory result. The sales project potential form is to be used in instances where money will be made as the result of a sale of products, performances, dances, bake sales, etc. In short, the sales project potential form states what the potential profit of the fundraising activity will be.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007  
(Continued)**

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

**FINDING NUMBER 2007-001 (Continued)**

**Noncompliance Citation and Significant Deficiency – Ohio Rev. Code Section 149.351 (Continued)**

Further, the Belpre City Schools Student Activity Handbook section on Student Activity Files states that all advisors are responsible for keeping track of deposits, expenditures, and current account balances. For auditing purposes, advisors will keep complete and accurate files on all student activity fundraisers. Files should include the following (for example): copies of contracts, order forms, etc.; copies of requisitions; gold copies of purchase orders; receipt books; minutes from each club/activity meeting. All student activity files will be turned in to the Treasurer's office at the end of the school year, so as to be made available to the auditors. All files will be returned to the advisors upon completion of the audit. Any student activity fundraiser carried out during the summer months, must follow the guidelines mentioned above the same as when school is in session.

Once the sales project is complete, the advisor is to complete the bottom half of the sales project potential form and forward it to the building principal for approval. The form will then be forwarded to the Treasurer's office for final approval.

Of the Student Activities tested, the sales project potential forms were consistently completed incorrectly.

According to the sales project potential form for the Belpre Middle School Student Council Cookie Dough Sale, the units purchased at the unit price equaled \$758.00, but the "Total to be Accounted For" on the form was documented as \$504.70. This part of the form was miscalculated.

When testing the sales project potential form for the Belpre Middle School Student Council Dance on November 3, 2006, the number of pizzas ordered for the dance was documented at 5 on the sales project potential form, but the invoice stated there were 15 ordered. Since there was no supporting documentation retained for the concessions sold, we were unable to determine if the \$55.00 documented on the form was accurate for concession income.

When testing the sales project potential form for the Belpre Middle School Student Council "Class of" t-shirt sale, the form indicated 93 t-shirts were sold, but when actually calculated out they only sold 89 t-shirts. Since there was no supporting documentation retained, we were unable to determine which number was correct.

When testing the sales project potential form for the Art Club Great American Candy Sale, the form showed the Club selling 94 items at \$12.84, but a review of supporting documentations from the company revealed that 96 items ranging from \$5.50 to \$18.50 were actually sold. There was also a miscalculation on the form of items purchased and the unit price.

When testing the sales project potential form for the Belpre Middle School Student Council Boat Dance, the bottom part of the sales project potential form was not completed stating how many units were sold and the amount collected.

This resulted in inaccurate reporting on the sales project potential form which could result in money being unaccounted for and the possibility of fraud and theft occurring and going undetected.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007  
(Continued)**

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

**FINDING NUMBER 2007-001 (Continued)**

**Noncompliance Citation and Significant Deficiency – Ohio Rev. Code Section 149.351 (Continued)**

Of the sales project potential forms tested, we also noted there was no final approval by the Treasurer's office. There was no reconciliation of the total income on the form to the amount actually deposited and posted to the School District's revenue ledger.

This resulted in the Treasurer's office being unaware that the total income on the sales project potential forms did not always agree to what was posted on the revenue ledger, which could result in money being unaccounted for and the possibility of fraud and theft occurring and going undetected.

When testing the Belpre Middle School Student Council Valentine's Dance, we noted there was not adequate supporting documentation concerning the number of concessions sold or the amount for each item sold.

When testing the Belpre Middle School Student Council "Class of" T-shirt sales, we noted there was no supporting documentation concerning the number of t-shirts sold or the amount of each item sold.

When testing the Belpre Middle School Student Council December Dance, we noted there was not adequate supporting documentation concerning the number of concessions sold or the amount for each item sold.

When testing the High School Art Club Great American Candy Company sale, we noted the advisor did not keep adequate records of the items sold or the amount of each item sold.

Failure to properly maintain supporting documentation could result in an incomplete record and loss of accountability for project receipts and disbursements, and misappropriation of funds.

We recommend the student activity Advisors properly complete the sales project potential form to ensure it is accurate with the supporting documentation maintained. We also recommend the Treasurer's Office perform a final review and approval of the form to ensure the correct amount of money has been collected, deposited, and posted to the School District's ledgers. The Treasurer's Office should investigate any differences and attached documentation that an investigation has been performed. Additional controls and procedures are explained in the Auditor of State (AOS) "Guidelines for Developing Policies for Student Activity Programs" available at the AOS website: [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Official's Response:**

The deficiencies as noted above will be corrected by:

1. Revise and clarify the sales project potential form.
2. Revise and clarify the sales project potential accountability for.
3. Treasurer's office will assist each advisor in completing forms.
4. A check list will be utilized by the Treasurer's office to reconcile each fundraiser with the District's ledgers, prior to final approval to ensure accuracy and that all necessary forms are attached.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

None



**Mary Taylor, CPA**  
Auditor of State

**BELPRE CITY SCHOOL DISTRICT**

**WASHINGTON 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  
APRIL 15, 2008**