



Dave Yost • Auditor of State

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Belpre City School District
Washington County
2014 Rockland Avenue
Belpre, Ohio 45714

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the 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, 2010, 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, the 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, 2010, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Federal Grants Funds 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 March 25, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 25, 2011

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The discussion and analysis of the Belpre City School District's (School District's) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. 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 2010 are as follows:

- In total, net assets increased \$296,176. Net assets of governmental activities increased \$314,707, while the net assets of the business-type activity decreased \$18,531.
- General revenues accounted for \$9,048,305 in revenue or 79% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,346,145 or 21% of total revenues of \$11,394,450.
- Total program expenses were \$11,522,053, \$11,079,743 in governmental activities and \$442,310 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 2010?" 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, 2010
Unaudited

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 9. Fund financial reports provide detailed information about the School District's major fund. 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 the Federal Grants 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, 2010
 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 2010 compared to 2009.

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$5,939,886	\$5,656,275	\$39,632	\$45,139	\$5,979,518	\$5,701,414
Capital Assets, Net	5,725,178	5,663,352	105,872	110,564	5,831,050	5,773,916
<i>Total Assets</i>	<u>11,665,064</u>	<u>11,319,627</u>	<u>145,504</u>	<u>155,703</u>	<u>11,810,568</u>	<u>11,475,330</u>
Liabilities						
Current and Other Liabilities	5,006,138	4,956,615	65,252	57,338	5,071,390	5,013,953
Long-term Liabilities						
Due Within One Year	34,020	34,000	0	0	34,020	34,000
Due in More Than One Year	517,670	536,483	8,605	8,187	526,275	544,670
<i>Total Liabilities</i>	<u>5,557,828</u>	<u>5,527,098</u>	<u>73,857</u>	<u>65,525</u>	<u>5,631,685</u>	<u>5,592,623</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	5,691,565	5,596,503	105,872	110,564	5,797,437	5,707,067
Restricted	347,000	248,882	0	0	347,000	248,882
Unrestricted (Deficits)	68,671	(52,856)	(34,225)	(20,386)	34,446	(73,242)
<i>Total Net Assets</i>	<u>\$6,107,236</u>	<u>\$5,792,529</u>	<u>\$71,647</u>	<u>\$90,178</u>	<u>\$6,178,883</u>	<u>\$5,882,707</u>

Total assets increased \$335,238, with governmental assets increasing \$345,437 and business-type assets decreasing only \$10,199. For governmental activities, nearly every asset account experienced an increase. The most significant increases were in intergovernmental receivables for \$119,703, taxes receivable for \$66,065, and capital assets for \$61,826.

Total liabilities increased \$39,062, with governmental liabilities increasing \$30,730 and the business-type liabilities increasing \$8,332 mainly due to increased accounts payable. The following liabilities of governmental activities experienced increases: accounts payable of \$107,874, contracts payable of \$40,178, and accrued wages and benefits payable of \$36,624. These increases were offset by a decrease in deferred revenue of \$111,165.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010, compared to June 30, 2009.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
 Unaudited

(Table 2)
 Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services	\$492,348	\$460,633	\$124,383	\$144,015	\$616,731	\$604,648
Operating Grants, Contributions and Interest	1,853,797	1,428,959	295,882	304,657	2,149,679	1,733,616
Capital Grants and Contributions	0	5,943	0	0	0	5,943
Total Program Revenues	<u>2,346,145</u>	<u>1,895,535</u>	<u>420,265</u>	<u>448,672</u>	<u>2,766,410</u>	<u>2,344,207</u>
General Revenues:						
Property Taxes	3,209,975	4,093,042	0	0	3,209,975	4,093,042
Grants and Entitlements	5,762,016	4,829,404	0	0	5,762,016	4,829,404
Interest	61,717	82,043	460	0	62,177	82,043
Miscellaneous	14,597	27,850	3,054	0	17,651	27,850
Total General Revenues	<u>9,048,305</u>	<u>9,032,339</u>	<u>3,514</u>	<u>0</u>	<u>9,051,819</u>	<u>9,032,339</u>
Total Revenues	<u>11,394,450</u>	<u>10,927,874</u>	<u>423,779</u>	<u>448,672</u>	<u>11,818,229</u>	<u>11,376,546</u>
Program Expenses						
Instruction:						
Regular	4,670,228	5,068,888	0	0	4,670,228	5,068,888
Special	1,621,466	1,535,272	0	0	1,621,466	1,535,272
Vocational	1,298	1,401	0	0	1,298	1,401
Intervention	34,505	44,073	0	0	34,505	44,073
Support Services:						
Pupils	1,001,996	911,447	0	0	1,001,996	911,447
Instructional Staff	545,671	482,652	0	0	545,671	482,652
Board of Education	57,876	72,720	0	0	57,876	72,720
Administration	917,949	922,614	0	0	917,949	922,614
Fiscal	387,138	408,819	0	0	387,138	408,819
Business	790	1,708	0	0	790	1,708
Operation and Maintenance						
of Plant	1,114,347	1,069,912	0	0	1,114,347	1,069,912
Transportation	403,193	394,930	0	0	403,193	394,930
Central	5,013	5,200	0	0	5,013	5,200
Operation of Non-Instructional						
Services	6,185	5,881	0	0	6,185	5,881
Extracurricular Activities	309,355	193,390	0	0	309,355	193,390
Interest and Fiscal Charges	2,733	4,064	0	0	2,733	4,064
Food Service	0	0	442,310	481,685	442,310	481,685
Total Expenses	<u>11,079,743</u>	<u>11,122,971</u>	<u>442,310</u>	<u>481,685</u>	<u>11,522,053</u>	<u>11,604,656</u>
Increase (Decrease) in Net Assets	314,707	(195,097)	(18,531)	(33,013)	296,176	(228,110)
Net Assets Beginning of Year	<u>5,792,529</u>	<u>5,987,626</u>	<u>90,178</u>	<u>123,191</u>	<u>5,882,707</u>	<u>6,110,817</u>
Net Assets End of Year	<u>\$6,107,236</u>	<u>\$5,792,529</u>	<u>\$71,647</u>	<u>\$90,178</u>	<u>\$6,178,883</u>	<u>\$5,882,707</u>

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Governmental Activities

Property taxes made up approximately 28 percent of revenues for governmental activities for Belpre City School District. Of the remaining revenues, the School District receives 67 percent from state foundation, federal, and state grants; 4 percent from charges for services; and 1 percent from interest and local revenues.

Over 57 percent of the School District's budget is used to fund instructional expenses. Support services make up 40 percent of expenses and 3 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 2.51 percent decrease in health insurance costs, a negotiated 0 percent salary increase with a 1.5 percent pickup ~~on pickup~~ on retirement, a significant increase in open enrollment to other school districts, increased workers' compensation costs, as well as significant increases in utility and fuel costs.

The School District made reductions in personnel in an effort to eliminate deficit spending. The reduction in personnel has been through attrition and layoffs. The decrease in ADM has made this possible so as not to increase class sizes dramatically.

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.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
 Unaudited

(Table 3)
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
Program Expenses				
Instruction:				
Regular	\$4,670,228	\$3,726,939	\$5,068,888	\$4,552,118
Special	1,621,466	887,835	1,535,272	665,447
Vocational	1,298	595	1,401	1,401
Intervention	34,505	14,104	44,073	12,742
Support Services:				
Pupils	1,001,996	936,290	911,447	845,759
Instructional Staff	545,671	178,007	482,652	233,420
Board of Education	57,876	57,876	72,720	72,720
Administration	917,949	892,407	922,614	901,028
Fiscal	387,138	387,138	408,819	408,819
Business	790	790	1,708	1,708
Operation and Maintenance of Plant	1,114,347	1,067,596	1,069,912	1,064,682
Pupil Transportation	403,193	365,716	394,930	363,196
Central	5,013	13	5,200	200
Operation of Non-Instructional Services	6,185	4,350	5,881	5,881
Extracurricular Activities	309,355	211,209	193,390	94,251
Interest and Fiscal Charges	2,733	2,733	4,064	4,064
Total	\$11,079,743	\$8,733,598	\$11,122,971	\$9,227,436

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

Business-Type Activity

The business-type activity is the School District's food service operation. This program had total revenues of \$423,779 and total expenses of \$442,310 for fiscal year 2010. The prices of breakfast, lunch, milk, and ala carte remained the same as the prior year. A universal breakfast program which provided free breakfast to kindergarten through twelfth grade students was implemented which increased subsidy payments. 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 \$11,248,149 and expenditures of \$11,153,313. Fund balances of the governmental funds did not experience significant changes. Revenues increased \$357,065; expenditures only increased \$39,221.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
 Unaudited

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 2010, the School District amended its General Fund budget. 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 \$9,223,930, \$1,461 above final estimates of \$9,222,469. Final estimated revenues were decreased \$314,531 from the original of \$9,537,000. The majority of this difference was due to a decrease in tax collections, possibly due to economic conditions, and basic aid from the State being less than prior year with approximately \$168,024 from State Fiscal Stabilization Funds. Expenditures of \$9,348,119 were lower than final appropriations of \$9,513,978. Final appropriations were reduced \$553,425 from originals. Most of the differences are due to personnel on long-term leaves of absence due to sickness or child care, hiring less experienced replacements personnel and reducing positions through attrition and layoffs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the School District had \$5,831,050 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2010 balances compared to 2009.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$1,232,814	\$1,232,814	\$0	\$0	\$1,232,814	\$1,232,814
Buildings and Improvements	3,252,015	3,294,402	0	0	3,252,015	3,294,402
Furniture and Equipment	701,309	571,887	105,872	110,564	807,181	682,451
Vehicles	539,040	564,249	0	0	539,040	564,249
Totals	<u>\$5,725,178</u>	<u>\$5,663,352</u>	<u>\$105,872</u>	<u>\$110,564</u>	<u>\$5,831,050</u>	<u>\$5,773,916</u>

In 2010, the School District made various capital outlays. These capital outlays included renovations of High School classrooms, renovations to Stone Elementary to convert it to Stone Administration Building and Early Learning Center, fixed plumbing problems at Belpre Elementary, repaired a roof at the high school and purchase safety equipment in combination with Bureau of Workers Comp Grant.

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

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Debt

At June 30, 2010, the School District had \$34,000 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 in November 2009, to renew an Emergency Levy that expired on December 31, 2014. The levy passed.

Based upon the current financial situation and with the renewal of the Emergency Levy, the School District will be able to maintain financial stability through 2013 by trimming expenses and living within the means provided. Upon reviewing the School District's five-year forecast, the biggest concerns are fiscal year 2014 and beyond. In fiscal year 2014, the School District will lose over \$1.2 million due to the phase out of the Tangible Personal Property Tax Reimbursement from the State. The State Foundation money has not grown as projected to replace what is being lost by the Tangible Personal Property Taxes the School District collect prior to HB66.

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 were in the spring and summer of 2010.

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 Rockland Avenue, Belpre, Ohio 45714, or E-Mail at bc_eyeaeger@seovec.org.

Belpre City School District, Ohio

Statement of Net Assets

June 30, 2010

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,797,618	\$34,114	\$1,831,732
Cash and Cash Equivalents in Segregated Accounts	154	0	154
Investments	2,500	0	2,500
Inventory Held for Resale	0	3,532	3,532
Materials and Supplies Inventory	26,176	1,986	28,162
Interest Receivable	340	0	340
Intergovernmental Receivable	297,879	0	297,879
Prepaid Items	502	0	502
Accounts Receivable	18,568	0	18,568
Property Taxes Receivable	3,795,762	0	3,795,762
Deferred Charges	387	0	387
Nondepreciable Capital Assets	1,232,814	0	1,232,814
Depreciable Capital Assets, Net	4,492,364	105,872	4,598,236
<i>Total Assets</i>	<u>11,665,064</u>	<u>145,504</u>	<u>11,810,568</u>
Liabilities			
Accounts Payable	166,015	21,602	187,617
Accrued Wages and Benefits Payable	1,121,244	28,624	1,149,868
Contracts Payable	40,178	0	40,178
Matured Compensated Absences Payable	1,367	0	1,367
Vacation Benefits Payable	39,707	0	39,707
Intergovernmental Payable	317,030	15,026	332,056
Deferred Revenue	3,320,597	0	3,320,597
Long-Term Liabilities:			
Due Within One Year	34,020	0	34,020
Due In More Than One Year	517,670	8,605	526,275
<i>Total Liabilities</i>	<u>5,557,828</u>	<u>73,857</u>	<u>5,631,685</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,691,565	105,872	5,797,437
Restricted for:			
Capital Projects	6,173	0	6,173
Budget Stabilization	22,171	0	22,171
Bus Purchase	5,944	0	5,944
Textbooks	183,119	0	183,119
Unclaimed Monies	1,790	0	1,790
Music Trust:			
Non-Expendable	2,500	0	2,500
Expendable	1,875	0	1,875
Other Purposes	123,428	0	123,428
Unrestricted (Deficit)	68,671	(34,225)	34,446
<i>Total Net Assets</i>	<u>\$6,107,236</u>	<u>\$71,647</u>	<u>\$6,178,883</u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2010

	Program Revenues			Net (Expense)Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activity	Total
Governmental Activities						
Instruction:						
Regular	\$4,670,228	\$385,058	\$558,231	(\$3,726,939)	\$0	(\$3,726,939)
Special	1,621,466	0	733,631	(887,835)	0	(887,835)
Vocational	1,298	0	703	(595)	0	(595)
Intervention	34,505	0	20,401	(14,104)	0	(14,104)
Support Services:						
Pupils	1,001,996	9,144	56,562	(936,290)	0	(936,290)
Instructional Staff	545,671	0	367,664	(178,007)	0	(178,007)
Board of Education	57,876	0	0	(57,876)	0	(57,876)
Administration	917,949	0	25,542	(892,407)	0	(892,407)
Fiscal	387,138	0	0	(387,138)	0	(387,138)
Business	790	0	0	(790)	0	(790)
Operation and						
Maintenance of Plant	1,114,347	0	46,751	(1,067,596)	0	(1,067,596)
Pupil Transportation	403,193	0	37,477	(365,716)	0	(365,716)
Central	5,013	0	5,000	(13)	0	(13)
Operation of Non-Instructional						
Services	6,185	0	1,835	(4,350)	0	(4,350)
Extracurricular Activities	309,355	98,146	0	(211,209)	0	(211,209)
Interest and Fiscal Charges	2,733	0	0	(2,733)	0	(2,733)
<i>Total Governmental Activities</i>	11,079,743	492,348	1,853,797	(8,733,598)	0	(8,733,598)
Business-Type Activity						
Food Service	442,310	124,383	295,882	0	(22,045)	(22,045)
<i>Totals</i>	<u>\$11,522,053</u>	<u>\$616,731</u>	<u>\$2,149,679</u>	<u>(8,733,598)</u>	<u>(22,045)</u>	<u>(8,755,643)</u>
General Revenues						
Property Taxes Levied for General Purposes				3,209,975	0	3,209,975
Grants and Entitlements not Restricted to Specific Programs				5,762,016	0	5,762,016
Interest				61,717	460	62,177
Miscellaneous				14,597	3,054	17,651
<i>Total General Revenues</i>				<u>9,048,305</u>	<u>3,514</u>	<u>9,051,819</u>
<i>Change in Net Assets</i>				314,707	(18,531)	296,176
<i>Net Assets Beginning of Year</i>				<u>5,792,529</u>	<u>90,178</u>	<u>5,882,707</u>
<i>Net Assets End of Year</i>				<u>\$6,107,236</u>	<u>\$71,647</u>	<u>\$6,178,883</u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2010*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,335,574	\$153,160	\$95,860	\$1,584,594
Cash and Cash Equivalents in Segregated Accounts	0	0	154	154
Investments	0	0	2,500	2,500
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	213,024	0	0	213,024
Receivables:				
Property Taxes	3,795,762	0	0	3,795,762
Accounts	17,775	0	793	18,568
Intergovernmental	35,435	259,991	2,453	297,879
Interest	0	0	340	340
Interfund	260	0	0	260
Prepaid Items	502	0	0	502
Materials and Supplies Inventory	26,176	0	0	26,176
<i>Total Assets</i>	<u>\$5,424,508</u>	<u>\$413,151</u>	<u>\$102,100</u>	<u>\$5,939,759</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$56,207	\$99,322	\$10,486	\$166,015
Accrued Wages and Benefits Payable	960,186	153,917	7,141	1,121,244
Contracts Payable	22,517	0	17,661	40,178
Interfund Payable	0	260	0	260
Matured Compensated Absences Payable	1,367	0	0	1,367
Intergovernmental Payable	280,405	34,318	2,307	317,030
Deferred Revenue	3,564,936	190,496	1,728	3,757,160
<i>Total Liabilities</i>	<u>4,885,618</u>	<u>478,313</u>	<u>39,323</u>	<u>5,403,254</u>
Fund Balances				
Reserved for Encumbrances	73,859	35,545	8,134	117,538
Reserved for Contributions	0	0	2,500	2,500
Reserved for Property Taxes	247,754	0	0	247,754
Reserved for Bus Purchase	5,944	0	0	5,944
Reserved for Budget Stabilization	22,171	0	0	22,171
Reserved for Textbooks	183,119	0	0	183,119
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)	(272,658)	0	0	(272,658)
Special Revenue Funds (Deficit)	0	(100,707)	46,590	(54,117)
Capital Projects Funds	0	0	4,018	4,018
Permanent Fund	0	0	1,535	1,535
<i>Total Fund Balances (Deficit)</i>	<u>538,890</u>	<u>(65,162)</u>	<u>62,777</u>	<u>536,505</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,424,508</u>	<u>\$413,151</u>	<u>\$102,100</u>	<u>\$5,939,759</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, 2010*

Total Governmental Fund Balances		\$536,505
 <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.		5,725,178
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	227,411	
Grants	191,884	
Interest	340	
Student Fees	<u>16,928</u>	436,563
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		387
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.		(39,707)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conversation Loans Payable	(34,000)	
Sick Leave Benefits Payable	<u>(517,690)</u>	<u>(551,690)</u>
Net Assets of Governmental Activities		<u><u>\$6,107,236</u></u>

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, 2010

	General	Miscellaneous Federal Grants	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$3,148,651	\$0	\$0	\$3,148,651
Intergovernmental	5,784,698	1,658,034	93,075	7,535,807
Interest	61,593	0	0	61,593
Tuition and Fees	357,411	0	21,300	378,711
Extracurricular Activities	0	0	107,290	107,290
Gifts and Donations	0	0	1,500	1,500
Miscellaneous	9,721	0	4,876	14,597
<i>Total Revenues</i>	<u>9,362,074</u>	<u>1,658,034</u>	<u>228,041</u>	<u>11,248,149</u>
Expenditures				
Current:				
Instruction:				
Regular	4,157,788	513,311	29,329	4,700,428
Special	924,021	692,444	0	1,616,465
Intervention	15,527	18,512	466	34,505
Support Services:				
Pupils	910,556	21,792	53,629	985,977
Instructional Staff	194,897	341,642	0	536,539
Board of Education	57,876	0	0	57,876
Administration	877,761	23,780	0	901,541
Fiscal	374,239	0	0	374,239
Business	790	0	0	790
Operation and Maintenance of Plant	1,089,421	0	42,175	1,131,596
Pupil Transportation	348,566	14,429	0	362,995
Central	0	0	5,013	5,013
Operation of Non-Instructional Services	0	1,708	75	1,783
Extracurricular Activities	172,972	0	116,465	289,437
Capital Outlay	111,698	0	6,462	118,160
Debt Service:				
Principal Retirement	0	0	34,000	34,000
Interest and Fiscal Charges	0	0	1,969	1,969
<i>Total Expenditures</i>	<u>9,236,112</u>	<u>1,627,618</u>	<u>289,583</u>	<u>11,153,313</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>125,962</u>	<u>30,416</u>	<u>(61,542)</u>	<u>94,836</u>
Other Financing Sources (Uses)				
Transfers In	0	0	41,448	41,448
Transfers Out	(41,448)	0	0	(41,448)
<i>Total Other Financing Sources (Uses)</i>	<u>(41,448)</u>	<u>0</u>	<u>41,448</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	84,514	30,416	(20,094)	94,836
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>454,376</u>	<u>(95,578)</u>	<u>82,871</u>	<u>441,669</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$538,890</u>	<u>(\$65,162)</u>	<u>\$62,777</u>	<u>\$536,505</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, 2010*

Net Change in Fund Balances - Total Governmental Funds \$94,836

*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 capital outlay exceeded depreciation expense in the current period:

Capital Asset Additions	316,564	
Depreciation Expense	<u>(253,728)</u>	62,836

Capital Assets removed from the capital asset account on the statement of net asset results in a gain or loss on disposal of capital assets on the statement of activities. (1,010)

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

Student Fees	6,347	
Grants	78,506	
Interest	124	
Property Taxes	<u>61,324</u>	146,301

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 34,000

Issuance costs are reported as an expenditure when paid in governmental funds, but are allocated as an expense over the life of the outstanding debt on the statement of activities. (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	(6,285)	
Sick Leave Benefits Payable	<u>(15,207)</u>	<u>(21,492)</u>

Change in Net Assets of Governmental Activities \$314,707

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, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$3,276,000	\$3,032,745	\$3,032,745	\$0
Intergovernmental	5,815,000	5,769,774	5,769,774	0
Interest	80,000	60,621	61,593	972
Tuition and Fees	348,000	349,947	350,374	427
Miscellaneous	18,000	9,382	9,444	62
<i>Total Revenues</i>	<u>9,537,000</u>	<u>9,222,469</u>	<u>9,223,930</u>	<u>1,461</u>
Expenditures				
Current:				
Instruction:				
Regular	4,490,196	4,243,360	4,217,097	26,263
Special	1,009,668	954,165	919,127	35,038
Intervention	19,915	18,820	18,031	789
Support Services:				
Pupils	983,233	929,183	914,337	14,846
Instructional Staff	212,964	201,257	199,084	2,173
Board of Education	77,120	72,881	66,515	6,366
Administration	937,080	885,567	876,819	8,748
Fiscal	431,359	407,646	379,359	28,287
Business	2,116	2,000	1,283	717
Operation and Maintenance of Plant	1,209,743	1,143,241	1,118,298	24,943
Pupil Transportation	380,227	359,325	352,281	7,044
Central	6,203	5,862	217	5,645
Extracurricular Activities	181,554	171,574	171,478	96
Capital Outlay	126,025	119,097	114,193	4,904
<i>Total Expenditures</i>	<u>10,067,403</u>	<u>9,513,978</u>	<u>9,348,119</u>	<u>165,859</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(530,403)</u>	<u>(291,509)</u>	<u>(124,189)</u>	<u>167,320</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	5,000	6,787	7,017	230
Advances In	1,000	284	284	0
Advances Out	(5,000)	(5,000)	(260)	4,740
Transfers Out	(48,000)	(48,000)	(41,448)	6,552
<i>Total Other Financing Sources (Uses)</i>	<u>(47,000)</u>	<u>(45,929)</u>	<u>(34,407)</u>	<u>11,522</u>
<i>Net Change in Fund Balance</i>	<u>(577,403)</u>	<u>(337,438)</u>	<u>(158,596)</u>	<u>178,842</u>
<i>Fund Balance Beginning of Year</i>	1,440,119	1,440,119	1,440,119	0
Prior Year Encumbrances Appropriated	<u>133,581</u>	<u>133,581</u>	<u>133,581</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$996,297</u></u>	<u><u>\$1,236,262</u></u>	<u><u>\$1,415,104</u></u>	<u><u>\$178,842</u></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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$1,841,966	\$1,625,482	\$1,625,482	\$0
Expenditures				
Current:				
Instruction:				
Regular	617,452	545,886	545,886	0
Special	738,302	652,729	652,729	0
Intervention	20,589	18,203	18,203	0
Support Services:				
Pupils	28,315	25,033	24,766	267
Instructional Staff	400,581	354,152	354,152	0
Administration	26,694	23,600	23,600	0
Pupil Transportation	15,349	13,570	13,570	0
Operation of Non-Instructional Services	1,932	1,708	1,708	0
<i>Total Expenditures</i>	<u>1,849,214</u>	<u>1,634,881</u>	<u>1,634,614</u>	<u>267</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(7,248)</u>	<u>(9,399)</u>	<u>(9,132)</u>	<u>267</u>
Other Financing Sources (Uses)				
Advances In	0	0	260	260
Advances Out	(23)	(23)	(284)	(261)
<i>Total Other Financing Sources (Uses)</i>	<u>(23)</u>	<u>(23)</u>	<u>(24)</u>	<u>(1)</u>
<i>Net Change in Fund Balance</i>	(7,271)	(9,422)	(9,156)	266
<i>Fund Balance Beginning of Year</i>	20,414	20,414	20,414	0
Prior Year Encumbrances Appropriated	7,035	7,035	7,035	0
<i>Fund Balance End of Year</i>	<u>\$20,178</u>	<u>\$18,027</u>	<u>\$18,293</u>	<u>\$266</u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio

Statement of Fund Net Assets

Proprietary Fund

June 30, 2010

	<u>Business-Type Activity - Food Service Enterprise Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$34,114
Inventory Held for Resale	3,532
Materials and Supplies Inventory	<u>1,986</u>
<i>Total Current Assets</i>	39,632
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>105,872</u>
<i>Total Assets</i>	<u>145,504</u>
Liabilities	
Current Liabilities:	
Accounts Payable	21,602
Accrued Wages and Benefits Payable	28,624
Intergovernmental Payable	<u>15,026</u>
<i>Total Current Liabilities</i>	65,252
Long-term Liabilities:	
Sick Leave Benefits Payable	<u>8,605</u>
<i>Total Liabilities</i>	<u>73,857</u>
Net Assets	
Invested in Capital Assets	105,872
Unrestricted (Deficit)	<u>(34,225)</u>
Total Net Assets	<u><u>\$71,647</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, 2010*

	<u>Business-Type Activity - Food Service Enterprise Fund</u>
Operating Revenues	
Sales	\$124,383
Other Revenues	<u>3,054</u>
Total Operating Revenues	<u>127,437</u>
Operating Expenses	
Salaries	118,701
Fringe Benefits	49,336
Purchased Services	105,624
Materials and Supplies	2,343
Cost of Sales	161,614
Depreciation	<u>4,692</u>
<i>Total Operating Expenses</i>	<u>442,310</u>
<i>Operating Loss</i>	<u>(314,873)</u>
Non-Operating Revenues	
Federal Donated Commodities	22,152
Interest	460
Federal and State Subsidies	<u>273,730</u>
<i>Total Non-Operating Revenues</i>	<u>296,342</u>
<i>Net Change in Net Assets</i>	(18,531)
<i>Net Assets Beginning of Year</i>	<u>90,178</u>
<i>Net Assets End of Year</i>	<u><u>\$71,647</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, 2010

	<u>Business-Type Activity - Food Service Enterprise Fund</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$124,383
Cash Payments to Suppliers for Goods and Services	(239,086)
Cash Payments for Employee Services	(116,535)
Cash Payments for Employee Benefits	(50,051)
Cash Received from Other Revenues	<u>3,054</u>
Net Cash Used for Operating Activities	<u>(278,235)</u>
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	<u>273,833</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>460</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(3,942)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>38,056</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$34,114</u></u>
Reconciliation of Operating Loss to Net	
Cash Used for Operating Activities	
Operating Loss	<u>(\$314,873)</u>
Depreciation	4,692
Donated Commodities Received During Year	22,152
Changes in Assets and Liabilities:	
Decrease in Inventory Held for Resale	1,818
Increase in Materials and Supplies Inventory	(356)
Increase in Accounts Payable	6,881
Increase in Accrued Wages and Benefits Payable	1,668
Increase in Sick Leave Benefits Payable	418
Decrease in Intergovernmental Payable	<u>(635)</u>
Net Cash Used for Operating Activities	<u><u>(\$278,235)</u></u>

Non-Cash Non-Capital Financing Transactions: During fiscal year 2010, the Food Service Enterprise Fund received \$22,152 in donated commodities.

See accompanying notes to the basic financial statements

Belpre City School District, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2010

	Private Purpose Trust	
	Hawk Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$673	\$23,733
Investments	2,500	
Accrued Interest Receivable	340	
Total Assets	3,513	
Liabilities		
Due to Students	0	\$23,733
Net Assets		
Restricted for Endowments	2,500	
Held in Trust for Scholarships	1,013	
Total Net Assets	\$3,513	

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, 2010

	Private Purpose Trust
	Hawk Scholarship
Additions	
Interest	\$124
Deductions	
Scholarships	0
<i>Change in Net Assets</i>	124
<i>Net Assets Beginning of Year</i>	3,389
<i>Net Assets End of Year</i>	\$3,513

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, 2010

Note 1 - Description of the School District and Reporting Entity

Belpre City School District (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 56 classified employees, 79 certified personnel, and 8 administrators who provide services to 1,063 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 three jointly governed organizations and one insurance purchasing pool. These organizations are the South Eastern Ohio Voluntary Education Cooperative, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, the Portage Area School Consortium, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 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 activity 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, 2010

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 and Federal Grants Funds.

General Fund The General Fund accounts and reports for all financial resources not 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, American Reinvestment and Recovery Act monies, State stabilization monies, Title I, Title V, Title IV, Title II-A, Title II-D, Bus Diesel Retrofit Grant, and the Reading First Grant.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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.

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.

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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, 2010, but which were levied to finance fiscal year 2011 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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 2010, 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 2010 amounted to \$61,593, which includes \$3,993 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, 2010, 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.

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 five hundred 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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

All reported capital assets, except land, 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 19 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. 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.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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 and after nonoperating revenues/expenses in proprietary 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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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. 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 sales for the 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 to the function and object level.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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.

Note 3 - Fund Deficits

At June 30, 2010, the State Grants and Federal Grants Special Revenue Funds had fund deficits of \$4,317 and \$65,162, respectively. The deficits 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 Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) General Fund and Federal Grants Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (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 basis) as opposed to balance sheet transactions (GAAP basis).
5. Prepaid and unreported items are reported on the balance sheet (GAAP) but not on the budgetary basis.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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

Net Change in Fund Balance		
	General	Federal Grants
GAAP Basis	\$84,514	\$30,416
Net Adjustment for Revenue Accruals	(131,069)	(32,552)
Unreported Items at End of Fiscal Year	(58)	0
Prepaid Items:		
Beginning of Fiscal Year	495	0
End of Fiscal Year	(502)	0
Net Adjustment for Expenditure Accruals	21,436	127,871
Advances In	284	260
Advances Out	(260)	(284)
Encumbrances	(133,436)	(134,867)
Budget Basis	(\$158,596)	(\$9,156)

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;

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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;
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) above;
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, \$1,511,107 of the School District's bank balance of \$1,911,317 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 credit 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 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property tax) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. 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, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2010, and for which there was 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 were levied to finance current fiscal year operations and are reflected 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, 2010, was \$247,754 in the General Fund. The amount available as an advance at June 30, 2009, was \$131,848 in the General Fund.

Collectible delinquent property taxes have been recorded as a receivable and revenue on a full accrual bases. On a modified accrual basis, the revenue has been deferred.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The assessed values upon which the fiscal year 2010 taxes were collected are:

	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$140,810,610	85.77%	\$140,679,100	95.70%
Public Utility Personal	5,793,280	3.53%	6,007,720	4.09%
Tangible Personal Property	17,573,480	10.70%	310,390	0.21%
Total	\$164,177,370	100.00%	\$146,997,210	100.00%
 Tax Rate per \$1,000 of assessed valuation	 \$34.85		 \$36.65	

Note 7 – Receivables

Receivables at June 30, 2010, consisted of accrued interest, property taxes, accounts (rent, student fees, and tuition), interfund, 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 \$227,411 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
Governmental Activities:	
Title I	\$120,997
Reading First	61,307
Part B Idea	51,901
Basic State Aid Adjustment	24,560
Title II-A	24,451
E-Rate	10,636
Alternative Education Challenge	2,453
Title IV-A	1,335
Medicaid	133
Refund	106
Total	\$297,879

Note 8 - Interfund Activity

A. Transfers

During fiscal year 2010, the General Fund transferred \$5,480 to the Athletic Special Revenue Fund to cover additional expenditures of the program not covered by charges in the fund. The General Fund also transferred \$35,968 to the Permanent Improvement Capital Projects Fund for additional capital improvements.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

B. Balances

Interfund balances at June 30, 2010, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Federal Grants Fund for \$260.

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 2010, the School District contracted with The Netherlands Insurance Company for property insurance and boiler and machinery coverage. Property damage is on a replacement cost basis for a blanket amount of \$29,710,000 on buildings and contents. The policies include a \$5,000 deductible.

Professional and general liability has a \$1,000,000 single occurrence limit with \$2,000,000 aggregate and no deductible. Vehicles 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 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Medical Benefits

Effective July 1, 2008, the School District became a member of the Portage Area School Consortium (the Consortium), an insurance purchasing pool (See Note 17), through which a cooperative Health Benefit Program was created for the benefit of its members. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating School Districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 life insurance and accidental death dismemberment to most employees through Core Sources, Inc. in the amount of \$25,000 for classified employees and \$25,000 for certified employees, \$60,000 for administrators, \$100,000 for the treasurer, and \$100,000 for the superintendent.

Dental coverage is provided through Core Source, Inc. Premiums for this coverage are \$57.86 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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 6/30/09	Additions	Reductions	Balance 6/30/10
Governmental Activities:				
Capital assets not being depreciated				
Land	\$1,232,814	\$0	\$0	\$1,232,814
Capital assets being depreciated				
Buildings and Improvements	6,024,371	77,311	0	6,101,682
Furniture and Equipment	1,645,276	226,138	(8,680)	1,862,734
Vehicles	922,569	13,115	0	935,684
Total capital assets being depreciated	<u>8,592,216</u>	<u>316,564</u>	<u>(8,680)</u>	<u>8,900,100</u>
Accumulated depreciation				
Buildings and Improvements	(2,729,969)	(119,698)	0	(2,849,667)
Furniture and Equipment	(1,073,389)	(95,706)	7,670	(1,161,425)
Vehicles	(358,320)	(38,324)	0	(396,644)
Total accumulated depreciation	<u>(4,161,678)</u>	<u>(253,728) *</u>	<u>7,670</u>	<u>(4,407,736)</u>
Capital assets being depreciated, net	<u>4,430,538</u>	<u>62,836</u>	<u>(1,010)</u>	<u>4,492,364</u>
Governmental Activities capital assets, net	<u>\$5,663,352</u>	<u>\$62,836</u>	<u>(\$1,010)</u>	<u>\$5,725,178</u>
Business-Type Activity:				
Capital assets being depreciated				
Furniture and Fixtures	\$197,397	\$0	\$0	\$197,397
Less Accumulated Depreciation	(86,833)	(4,692)	0	(91,525)
Business-Type Activity capital assets, net	<u>\$110,564</u>	<u>(\$4,692)</u>	<u>\$0</u>	<u>\$105,872</u>

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$109,841
Special Instruction	10,646
Vocational	1,298
Support Services:	
Pupils	20,670
Instructional Staff	7,358
Administration	16,604
Fiscal	8,777
Operation and Maintenance of Plant	14,877
Pupil Transportation	39,337
Operation of Non-Instructional Services	4,402
Extracurricular Activities	19,918
Total Depreciation Expense	\$253,728

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current 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 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$205,431, \$108,250, and \$111,390, respectively; 47.57 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2010, 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008, were \$556,757, \$638,226, and \$614,628, respectively; 83.67 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$14,323 made by the School District and \$10,230 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, 2010, one member of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008, were \$1,638, \$69,012, and \$86,688, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, were \$10,821, \$9,610, and \$8,328, respectively; 40.81 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008, were \$42,827, \$49,094, and \$47,279, respectively; 83.67 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 14 - Long-Term Obligations

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

	Principal Outstanding 6/30/09	Additions	Reductions	Principal Outstanding 6/30/10	Amounts Due in One Year
Governmental Activities:					
April 29, 2004, \$243,000					
Energy Conservation Loan - 4.5%	\$68,000	\$0	\$34,000	\$34,000	\$34,000
Sick Leave Benefits	502,483	42,690	27,483	517,690	20
Total Governmental Activities	<u>\$570,483</u>	<u>\$42,690</u>	<u>\$61,483</u>	<u>\$551,690</u>	<u>\$34,020</u>
Business-Type Activity:					
Sick Leave Benefits	<u>\$8,187</u>	<u>\$418</u>	<u>\$0</u>	<u>\$8,605</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, 2010, was \$13,192,602, with an unvoted debt margin of \$146,584.

Principal and interest requirements to retire the energy conservation loans outstanding at June 30, 2010, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2011	\$34,000	\$1,262	\$35,262

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 15 – Contractual Commitment Note

As of June 30, 2010, the School District had contractual purchase commitments for construction and services as follows:

<u>Project and Fund</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Remaining</u>
General Fund:			
Heating and Cooling System	\$13,000	\$8,500	\$4,500
Refinishing High School Gym Floor	16,300	12,300	4,000
 Total	 <u>\$29,300</u>	 <u>\$20,800</u>	 <u>\$8,500</u>

Note 16 - Jointly Governed Organizations

A. South Eastern 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 28 participants consisting of school districts in nine southeastern Ohio counties. 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 2010, the School District paid \$41,293 to SEOVEC. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative at 221 North Columbus Road, Athens, Ohio 45701.

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 Ohio Valley 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 136 school districts and other educational institutions in the 32-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 32 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition 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 Coalition 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 Coalition.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The School District's membership fee was \$300 for fiscal year 2010. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 17 - Insurance Purchasing Pools

A. Portage Area School Consortium

The Portage Area School Consortium (the Consortium) is a regional council of government established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts. The Consortium is a stand-alone entity, composed of two stand-alone Pools; the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. The School District only participates in the Health and Welfare Insurance Pool. These pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local governmental risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints representatives to the Consortium (usually the superintendant or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly services without compensation. The Portage County Educational Service Center acts as the fiscal agent for the consortium. To obtain financial information, write to the Portage County Educational Service Center, Treasurer, at 326 East Main Street, Ravenna, Ohio 44266.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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.

Note 18 - 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, 2010.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

B. Litigation

The School District is currently party to legal proceedings. A settlement was reached by fiscal year end; however, payment by the insurance has not yet been distributed.

Note 19 - 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, 2008, 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.

	Budget Stabilization	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2009	\$22,171	(\$251,763)	\$154,652
Current Year Set-aside Requirement	0	178,706	178,706
Qualifying Disbursements	0	(206,990)	(150,239)
Total	\$22,171	(\$280,047)	\$183,119
Set-aside Balance Carried Forward to Future Fiscal Years	\$22,171	(\$280,047)	\$183,119

The School District had qualifying disbursements during the fiscal year that reduced the capital set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.

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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2009/2010	10.555	\$ 22,958	\$ 22,958
Cash Assistance:				
School Breakfast Program	2009/2010	10.553	78,309	78,309
National School Lunch Program	2009/2010	10.555	188,299	188,299
Cash Assistance Subtotal			<u>266,608</u>	<u>266,608</u>
Total Child Nutrition Cluster			<u>289,566</u>	<u>289,566</u>
Total U.S. Department of Agriculture			289,566	289,566
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Cluster:				
Title 1 Grants to Local Educational Agencies	2009	84.010	25,174	30,821
	2010		349,775	334,873
Total Title 1 Grants to Local Educational Agencies			<u>374,949</u>	<u>365,694</u>
ARRA - Title 1 Grants to Local Educational Agencies	2010	84.389	77,500	74,727
Total Title 1 Cluster			<u>452,449</u>	<u>440,421</u>
Special Education Cluster:				
Special Education - Grants to States	2009	84.027		10,706
	2010		191,010	188,051
Total Special Education - Grants to States			<u>191,010</u>	<u>198,757</u>
Special Education - Preschool Grants	2010	84.173	1,914	1,914
ARRA - Special Education - Grants to States	2010	84.391	218,853	215,768
ARRA - Special Education - Preschool Grants	2010	84.392	8,432	8,432
Total Special Education Cluster			<u>420,209</u>	<u>424,871</u>
Safe and Drug-Free Schools and Communities - State Grants	2010	84.186	4,923	4,121
State Grants for Innovated Programs	2009	84.298	23	60
Education Technology State Grants	2009	84.318	(306)	
	2010		4,249	4,249
Total Education Technology State Grants			<u>3,943</u>	<u>4,249</u>
Reading First State Grants	2009	84.357	25,117	35,533
	2010		467,580	339,555
Total Reading First State Grants			<u>492,697</u>	<u>375,088</u>
Improving Teacher Quality State Grants	2009	84.367	12,290	12,632
	2010		67,700	67,072
Total Improving Teacher Quality State Grants			<u>79,990</u>	<u>79,704</u>
ARRA - State Fiscal Stabilization Fund - Education State Grants	2010	84.394	168,024	168,024
Total U.S. Department of Education			1,622,258	1,496,538
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
<i>Passed through Ohio Environmental Protection Agency:</i>				
ARRA - State Clean Diesel Grant Program	2010	66.040	13,570	13,570
Total U.S. Environmental Protection Agency			<u>13,570</u>	<u>13,570</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,925,394</u>	<u>\$ 1,799,674</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from 2009 to 2010 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2009 to 2010</u>
Education Technology State Grants	84.318	\$ 306



Dave Yost • 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 Rockland Avenue
Belpre, Ohio 45714

To the Board of Education:

We have audited the financial statements of the governmental activities, the 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, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 25, 2011. 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 opinions 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

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 we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 25, 2011.

The School District's response to the finding we identified is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's response and, accordingly we express no opinion on it.

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



Dave Yost
Auditor of State

March 25, 2011



Dave Yost • 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 Rockland Avenue
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 could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs identifies the School District's major federal programs. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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.

As described in findings 2010-002 through 2010-005 in the accompanying Schedule of Findings and Questioned Costs, the School District did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Level of Effort and Special Tests and Provisions; Schoolwide Programs applicable to its Title I major federal program. Compliance with these requirements is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

In our opinion, because of the effect of the noncompliance described in the preceding paragraph, the Belpre City School District, Washington County, Ohio, did not comply, in all material respects with the requirements referred to above that could directly and materially affect its Title I major federal program. Also, in our opinion, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its other major federal programs for the year ended June 30, 2010.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2010-002 through 2010-005 material weaknesses.

The School District's responses to the findings we identified are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's responses and, accordingly, we express no opinion on them.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 25, 2011.

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



Dave Yost
Auditor of State

March 25, 2011

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified /Adverse– Title I, Part A Cluster CFDA#'s 84.010 and 84.389 Unqualified – Special Education (IDEA) Cluster CFDA#'s 84.027, 84.173, 84.391 and 84.392 Unqualified – State Fiscal Stabilization Grants CFDA# 84.394
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Title I, Part A Cluster CFDA#'s 84.010 and 84.389 Special Education (IDEA) Cluster CFDA #'s 84.027, 84.173, 84.391 and 84.392 State Fiscal Stabilization Fund – Education State Grants CFDA# 84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

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

FINDING NUMBER 2010-001

Finding For Recovery

Ohio Revised Code Section 9.39 states that all “public officials are liable for all public money received or collected by them or by their subordinates under color of office.” For these purposes, “public official” means any officer, employee, or duly authorized representative or agent of a public office. Ohio Rev. Code Sections 9.38 and 117.01(E).

Student Activity Reconciliations list the amount of money raised from an activity; the funds raised are to benefit the student activity. The amount of money deposited should agree to the amount collected on the Student Activity Reconciliation. During our testing, we noted there were funds unaccounted for in the following Class of 2011 fundraisers:

	Class T-Shirts	Computer Matching Fun	Clash of the Classes
Total Sales	\$234	\$185	\$370
Total Deposits	<u>199</u>	<u>33</u>	<u>244</u>
Total Unaccounted For	\$35	\$152	\$126

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding For Recovery for public monies collected but not accounted for is hereby issued against Shannon Brooker, Class of 2011 advisor, and her bonding company, Barengo Insurance Agency, in the amount of \$313 and in favor of the School District's Student Activity Fund (Class Of 2011).

Officials' Response: The District agrees with this finding.

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

Finding Number	2010-002
CFDA Title and Number	Title I Grants to Local Educational Agencies – CFDA #'s 84.010 and 84.377 ARRA – Title I Grants to Local Educational Agencies – CDFA # 84.389
Federal Award Number / Year	2009 – 2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation and Material Weakness and Questioned Costs – Activities Allowed and Unallowed

2 C.F.R. Part 225, Appendix B 8h(3)(4) states where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)

FINDING NUMBER 2010-002 (Continued)

Noncompliance Citation and Material Weakness and Questioned Costs – Activities Allowed and Unallowed (Continued)

These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix unless a statistical sampling system (see subsection 8.h.(6) of this appendix) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

These requirements are applicable to both federal and state grants administered from Ohio Department of Education resources.

The School District did not provide any time and effort documentation such as personal activity reports (timesheets) or semi-annual certifications for employees partially paid from Title I Funds. This resulted in questioned costs of salaries and benefits of \$122,541.

We recommend the Treasurer ensure all employees that work on a single cost objective and are paid from a federal fund prepare semi-annual certifications or if the employees work on more than one cost objective and are paid less in part from a federal fund, the employee should prepare personal activity reports.

Officials' Response: As per the email from Tom Dannis from July 13, 2009 as follows:

Your request to create a new schoolwide program included in your 2010 CCIP application can be approved with the condition and commitment on your part to put a team together now to follow the Ohio Improvement Process and use the July decision framework and update in August to expedite the plan development process. You will also agree to work with either the ESC or SST beginning in September to update and revise the CCIP needs assessment, district plan, schoolwide components, school improvement components, etc. by November 1, 2009. Any school becoming a new schoolwide must presently meet the 40% low income threshold.

The District believed it was a schoolwide district with a substantially approved date of July 13, 2009. The CCIP needs assessment, district plan, schoolwide components, school improvement components are all components of the CCIP, which we completed. The auditors are referencing the OIP which took all year to complete along with support from the ESC. It was our understanding that the CCIP entries were required by November 1, 2009, but the OIP process could take longer.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)

FINDING NUMBER 2010-002 (Continued)

Noncompliance Citation and Material Weakness and Questioned Costs – Activities Allowed and Unallowed (Continued)

Officials' Response (Continued):

The District developed plans and planned expenditures based on this email of being a schoolwide district. Being a schoolwide district would allow the District to be more flexible with its professional teaching staff.

In FY2010 and in prior years the District has made professional staff (teacher) cuts in order to reduce deficit spending and to keep a balance in the third year out on the Five Year Forecast. Each year these cuts become greater and have resulted in program cuts. For FY2010, several grade levels went from 4 classes per grade level to 3. Although the district has used attrition to reduce positions, unfortunately 3 active employees had to be cut. In an effort to decrease the amount of cuts, the District reduced out 2 fulltime Title 1 teachers and used teachers in the Elementary to provide Title I services. This saved at least 2 teaching positions for FY2010 and resulted in larger class sizes. An additional 8 teaching positions, 1 principal position, and 1 secretarial position are being cut for FY2012.

Page 57, Paragraph 5:

The District provided semi-annual certifications for all employees who work on a Federal single cost objective. For all teachers who worked a percentage of their time with Title I students, semi-annual certifications have been done for each one and the immediate supervisor has signed the forms and presented to the Auditors.

In FY2010, the District reduced out fulltime Title 1 teachers and used teachers in the Elementary to provide Title I services according to their respective class schedules. These class schedules were for the entire year and a calendar showing the scheduled days and hours teachers provided Title I services is on file. The teachers and principal signed the calendars. A calculation to allocate cost by the percentage of time spent on Title I services was done and the teachers were paid a percentage of their work day based upon this calculation. When Auditors determined the calendar was not sufficient support for the payment of Title I funds to the teachers providing the Title I services, weekly lessons plans were provided showing and supporting the teachers' were providing Title I services as indicated by the calendars. Teachers are professional salaried employees and not paid from timesheets except for supplemental payments and therefore a biweekly timesheet was not used.

The District provided the master teacher class schedule, the calendar showing the days and hours worked, and weekly lessons plans for the year detailing the Title I services provided. Although this shows that the District did perform and complete the Title I services in the spirit of the law, because the teachers did not complete a biweekly timesheet the District is out of compliance with the letter of the law.

The District respectfully requests for the recommendation to complete timesheets in future years to stand, and that the District not be penalized for failing to submit the timesheets for FY2010 since there is sufficient documentation to verify Title I services were indeed provided in the spirit of the law.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)

Finding Number	2010-003
CFDA Title and Number	Title I Grants to Local Educational Agencies – CFDA #'s 84.010 and 84.377 ARRA – Title I Grants to Local Educational Agencies – CDFA # 84.389
Federal Award Number / Year	2009 – 2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation and Material Weakness and Questioned Costs – Allowable or Unallowable Costs and Level of Effort: Supplement Not Supplant

20 U.S.C. Section 6321(a) and (b) (1) state that a local educational agency may receive funds for any fiscal year only if the State educational agency involved finds that the local educational agency has maintained the agency's fiscal effort in accordance with section 7901 of this title. Federal funds are to supplement, not supplant, non-Federal funds. In general, a State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.

The School District paid for several conferences and trainings from the Title I Fund that were either paid from the General Fund in the prior year or benefited Title I and non-Title I students. They include the Pearson Learning Team training, OCTELA Spring Conference, E-Tech Ohio, 7 Habits, OAESA Spring Conference, CTB and Terra Nova training totaling \$9,798.02.

The School District also paid for general education expenditures in the amount of \$19,348.74 from Title I Funds. Discovery Education and Study Island were paid entirely from the General Fund in the prior year. An expenditure to Wireless Generation for Mclass Dibels and Platform renewal, was paid entirely from the Reading First Grant in the prior year. In addition, Microsoft Windows 7 registrations and after school program snacks and supplies for the Jumpstart program, were not entirely Title I related.

In addition, the School District paid for an Elementary Staff Retreat entirely from Title I Funds, in the amount of \$5,258.56. The retreat was for every elementary teacher and items discussed were not entirely Title I related. The Elementary School was a Schoolwide Program; however, the School District did not have a Schoolwide Plan in place until May, 2010; therefore, we were unable to determine if the costs were allowable.

The School District also paid for the Summer Academy from Title I Funds, in the amount of \$1,048.68. The Summer Academy benefited all students grades 1-8 and items discussed were not Title I related.

The School District also paid for Power Education Project (PEP) services for the Ohio Improvement Process entirely from the Title I Fund, in the amount of \$17,993.53. These services affect the School District as a whole.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)

FINDING NUMBER 2010-003 (Continued)

Noncompliance Citation and Material Weakness and Questioned Costs – Allowable or Unallowable Costs and Level of Effort: Supplement Not Supplant (Continued)

Finally, the School District paid for a cake celebration for students grades 3-8, in the amount of \$387.49, to celebrate the end of the Ohio Achievement testing. This was not Title I related.

As a result, the School District supplanted \$53,835 in non-federal funds (General Fund) with federal funds from Title I Grant Funds.

We recommend the School District monitor Federal Funding and expenditures to ensure that federal funds are not used to provide services previously paid from state and/or local funds unless specifically allowed per the grant agreement.

Officials' Response: Over the years, in an effort to save General Fund dollars, trainings and conferences, whenever possible, have been paid from Federal or State Grants. This has allowed the District's teachers to be Highly Qualified Teachers.

Examples of professional development that has not been paid from Federal Grants are athletic conferences, the Treasurer's trainings and workshops, the Superintendent's trainings and workshops and conferences or trainings required by classified staff members.

One of the components of having a Title I school wide program is to provide opportunities for all students to meet the State's proficient and advanced levels of academic achievement. The Staff Retreat provided time for the Elementary Administration and teachers to train on various aspects of what is needed to achieve this goal for all students. All teachers worked toward the goal of every student being as successful as possible.

Page 59, Paragraph 2:

This paragraph refers to professional development that auditors indicated was paid for the previous year from the General Fund. According to our records:

- Pearson Learning Teams - funded out of Title I, Title II-A and Reading First in FY2009 and FY2010. As a school wide District Title I funds were for the betterment of all students. No General Fund dollars have ever been used.
- OCTELA Spring Conference - there were No OCTELA conference attendees in FY2009
- E-Tech Conference– funded from General fund, and Title II-D in FY2009. For FY2010 it was funded out of General Fund, Title I, Title II-D and Reading First. The teacher funded out of Title I provided Title I services for a percentage of the day, as did other teachers who attended and another source of funding paid for the conference expenses.
- 7 Habits – there were No 7 Habits attendees in FY2009, this was a one-time training in FY2010
- OAESA Spring Conference – Member dues were paid in FY2009 out of General Fund, no conference was attended in FY2009.
- CTB and Terra Nova Training – No training in FY2009 or FY2010. We don't know what this refers to.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)

FINDING NUMBER 2010-003 (Continued)

Noncompliance Citation and Material Weakness and Questioned Costs – Allowable or Unallowable Costs and Level of Effort: Supplement Not Supplant (Continued)

Officials' Response (Continued):

Page 59, Paragraph 3:

Being a school wide District, we assumed we could use Title I for Discovery and Study Island since these programs would have been dropped if Title I funds were not available. We struggle with how to comply with supplant rules, when the loss of General Fund dollars necessitates cutting these services for students.

Wireless Generation was taken from Reading First in FY2009, but due to the expectation the Reading First Grant was ending, and since this expenditure related to K-3 reading instruction, it was paid from Title I.

Windows 7 Conference registration expenses for training that occurred in May, 2010, were for the Technical Support person. As a school wide District, it was assumed it was an allowable expense. It affects all computers in both buildings and our ability to use technology to support teaching and learning.

Program snacks and supplies – these expenditures have never been questioned or denied since the beginning of Title I.

Page 59, Paragraph 4:

Every teacher has Title I students whether Targeted Assisted or Schoolwide. It is hard to break out what was Title I, especially with the new definition.

Page 59, Paragraph 5:

What are Title I related items? The \$1,048.68 was used to take Title I students to have extended learning experiences through the use of field trips. Alternative methods were used to teach math concepts. 34 CFR Section 200.28 (1) states: Provide opportunities for all students to meet the states proficient and advanced levels of student academic achievement. By providing these students with an alternative way to learn skills, it helped to develop and advance their learning capabilities.

The District did a lot of research in advance of offering these summertime activities. Title I stresses instruction being outside the normal school day and school year. Without Title I, the district is forced to drop these kinds of effective programs, reducing opportunities for at-risked students to succeed.

Page 59, Paragraph 6:

The Power Education Project (PEP) was not paid with General Fund the previous years. We embarked on this in FY2010 through guidance from ODE (worked with the SST or ESC on OIP) and District and Building Improvement were created. SCA were created from Power Standards. In addition to CCIP entries needed to do this process in order to fulfill the requirements of being schoolwide.

Page 60, Paragraph 1:

Cake Celebration – We thought this would be allowed expense, rewarding students for doing a great job. A prior year adjustment to correct this entry was made for \$387.49 on April 15, 2011.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)

FINDING NUMBER 2010-003 (Continued)

Noncompliance Citation and Material Weakness and Questioned Costs – Allowable or Unallowable Costs and Level of Effort: Supplement Not Supplant (Continued)

Officials' Response (Continued):

Page 60, Paragraph 3:

We monitor grants very close. We contend most of the items above were in fact not paid by General Fund in prior years. The revenue sources used were other Federal grants.

Finding Number	2010-004
CFDA Title and Number	Title I Grants to Local Educational Agencies – CFDA #'s 84.010 and 84.377 ARRA – Title I Grants to Local Educational Agencies – CDFA # 84.389
Federal Award Number / Year	2009 – 2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation and Material Weakness and Questioned Costs – Special Tests and Provisions: Schoolwide Plan

34 C.F.R. Section 200.26(b) states that a school that wishes to operate a school wide program must develop a comprehensive plan, in accordance with section 200.27, that describes how the school will improve academic achievement throughout the school, but particularly for those students furthest away from demonstrating proficiency, so that all students demonstrate at least proficiency on the State's academic standards.

34 C.F.R. Section 200.28 states the following:

A school wide program must include the following components:

- (a) School wide reform strategies. The school wide program must incorporate reform strategies in the overall instructional program. Those strategies must –
 - (1) Provide opportunities for all students to meet the State's proficient and advanced levels of student academic achievement.
 - (2)(i) Address the needs of all students in the school, particularly the needs of low-achieving students and those at risk of not meeting the State's student academic achievement standards who are members of the target population of any program included in the school wide program and; (ii) Address how the school will determine if those needs have been met;

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)
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FINDING NUMBER 2010-004 (Continued)

Noncompliance Citation and Material Weakness and Questioned Costs – Special Tests and Provisions: Schoolwide Plan (Continued)

- (3) Use effective methods of instructional practices that are based on scientifically based research, as defined Section 9101 of the ESEA, and that - (i) Strengthen the core academic program; (ii) Provide an enriched and accelerated curriculum, (iii) Increase the amount and quality of learning time, such as providing an extended school year and before and after school and summer programs and opportunities; (iv) Include strategies for meeting the educational needs of historically underserved populations; and (v) Are consistent with and are designed to implement, State and Local improvement plans, if any.
- (b) Instruction by highly qualified teachers. A school wide program must ensure instruction by highly qualified teachers and provide ongoing professional development. The school wide program must –
 - (1) Include strategies to attract highly qualified teachers, as defined in section 200.56; (
 - 2)(i) Provide high-quality and ongoing professional development in accordance with section 1119 and 9101(34) of the ESEA for teachers, principals, paraprofessionals and if appropriate, pupil services, personnel, parents and other staff, to enable all students in the school to meet the State's student academic awards; and (ii) Align professional development with the State's academic standards;
 - (3) Devote sufficient resources to carry out effectively the professional development activities described in paragraph (b)(2) of this section; and
 - (4) Include teachers in professional development activities regarding the use of academic assessments described in section 200.2 to enable them to provide information on, and to improve the achievement of individual students and the overall instructional program.
- (c) Parental Involvement.
 - (1) A school wide program must involve parents in the planning, review and improvement of the school wide program plan.(2) A school wide program must have a parental involvement policy, consistent with section 1118(b) of the ESEA, that - (i) Includes strategies, such as family literacy services, to increase parental involvement in accordance with sections 1118(c) through (f) and 9101 (32) of the ESEA; and (ii) Describes how the school will provide individual student academic assessment results, including an interpretation of those results, to the parents of students who participate in the academic assessments required by section 200.2.
- (d) Additional Support. A school wide program school must include activities to ensure that students who experience difficulty attaining the proficient or advanced levels of academic achievement standards required by section 200.1 will be provided with effective, timely additional support, including measures to - (1) Ensure that those students' difficulties are identified on a timely basis; and (2) Provide sufficient information on which to base effective assistance to those students.
- (e) Transition. A school-wide program in an elementary school must include plans for assisting preschool students in the successful transition from early childhood programs, such as Head Start, Even Start, Early Reading First or a preschool program under IDEA or a State run preschool program to the school wide program.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)

FINDING NUMBER 2010-004 (Continued)

Noncompliance Citation and Material Weakness and Questioned Costs – Special Tests and Provisions: Schoolwide Plan (Continued)

During our Title I testing, we noted the School District did not implement a school-wide plan until May 2010. Due to the lack of a school wide plan, we could not determine if the School District's Title I expenditures complied with federal requirements concerning the core elements and components for school wide plans for the months of July 2009 through April 2010. This included several professional development meetings: Ohio 4th Grade Teacher Conference for \$1,789.38, Conference for Ohio Second Grade Teachers for \$1,894.18, Conference for Ohio Third Grade Teachers for \$1,312.08, Writing Strategies that Work for \$688.98, Creative Cornerstones for \$700.00, Ohio Appalachian Cooperative for \$172.35, and the Alternate Assessment for \$47.09.

In addition, a purchase was made to Barnes and Noble for \$161.62, for books entitled "The Leader in Me - How Schools and Parents Around the World are Inspiring Greatness, One Child at a Time" (5 copies purchased), "The 7 Habits of Highly Effective Teens" (2 Copies), "The 7 Habits of Happy Kids" (5 Copies), "The 7 Habits of Happy Kids" CD (1 Copy), that we could not determine if the expenditures complied with federal requirements concerning the core elements in the absence of a school-wide plan.

The School District purchased lunches for two professional development meetings totaling \$112. We could not determine if these professional development meetings complied with federal requirements concerning the core elements in the absence of a school-wide plan.

This resulted in total questioned costs of \$6,878.

We recommend the School District ensure a school-wide plan is implemented for the entire fiscal year in which they are a school wide program. We also recommend the School District ensure the school wide plan implemented includes the required core elements and components.

Officials' Response:

Page 64, Paragraph 1:

We contend all these expenditures would be qualified either in Targeted Assisted or Schoolwide. We assumed since Title I funded these expenditures in the past, there were no violations.

Page 64, Paragraph 2:

Building teams used these materials to improve instruction affecting all children. We were unaware this would be unallowable.

Page 64, Paragraph 3:

All meetings of this nature are related to school improvement, particularly in Reading and Math, but there is no way for us to specifically prove that at this point.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)
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Finding Number	2010-005
CFDA Title and Number	Title I Grants to Local Educational Agencies – CFDA #'s 84.010 and 84.377 ARRA – Title I Grants to Local Educational Agencies – CDFA # 84.389
Federal Award Number / Year	2009 – 2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

2 C.F.R. Part 225, Appendix B 20 states that costs of goods or services for personal use of the governmental unit's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

During our testing of Title I expenditures, we noted the purchase of polo shirts, tote bags and pens that were given to the teachers who attended the Staff Retreat. In addition, we noted expenditures for various supplies for the Staff Retreat that included snacks and prizes. These items were deemed for personal use.

In addition, the School District purchased several gift cards as prizes for family night activities from Title I funds. This is not a proper purpose for federal funds.

This resulted in total questioned costs of \$2,433.

We recommend the School District closely examine Title I expenditures to ensure federal monies are not used for goods or services for personal use.

Officials' Response:

Page 65, Paragraph 1:

We concur these expenditures should have been charged to the General Fund or denied.

Page 65, Paragraph 2:

We understand finding in this area.

A prior year adjustment to correct this entry was made for \$2,433 on April 15, 2011.

To summarize:

Title I funds were used to do lots of good things for students. These programs which benefited District at-risk students, would not have existed without these funds. We understand supplant, but when you have to cut programs from the General Fund does not supplant take on a new meaning? It was our understanding that if a program or teacher would be reduced out if Title I funds were not available, then it was allowable to use Title I funds to keep the program or teacher. We used Title I funds so additional reductions did not have to be made in programs, conferences, and teachers.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS (Continued)

FINDING NUMBER 2010-005 (Continued)

Noncompliance Citation and Material Weakness and Questioned Cost - Activities Allowed and Unallowed

Officials' Response (Continued):

The District will have approximately 4 teachers over the state minimum in FY2012. A finding for recovery will only drive us further toward cutting to state minimum.

It is the District's intention to consult and work closely with ODE to fully understand Title I Schoolwide and what is permissible with supplementing and supplanting. Upon receiving the initial audit findings on March 28, 2010, the District immediately sought to get more training so there would be no misunderstanding for FY2011 and future years.

We respectfully request the District be held harmless on these issues because these decisions were employed in the spirit of using Title I funds appropriately. Prior history in this District reveals, we have been in compliance and have strived to use Title I funds for its intended purposes.



Dave Yost • 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
MAY 5, 2011**