



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Belpre City School District
Washington County
2014 Washington Blvd.
Belpre, Ohio 45714

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Belpre City School District, Washington County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

November 6, 2002

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Belpre City School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,608,215	\$203,045	\$570,558
Cash and Cash Equivalents in Segregated Accounts	0	125	0
Investments	0	0	0
Receivables:			
Taxes	6,821,062	0	0
Accounts	7,774	360	0
Intergovernmental	1,356	83,193	0
Prepaid Items	11,759	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	23,187	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	438,932	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
 <u>Other Debit:</u>			
Amount to be Provided from General Government Resources	0	0	0
 Total Assets and Other Debits	\$9,912,285	\$286,723	\$570,558

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$64,058	\$29,467	\$0	\$0	\$3,475,343
0	0	0	0	125
0	5,000	0	0	5,000
0	0	0	0	6,821,062
0	0	0	0	8,134
0	0	0	0	84,549
0	0	0	0	11,759
1,722	0	0	0	1,722
584	0	0	0	23,771
0	0	0	0	438,932
1,545	0	5,299,355	0	5,300,900
0	0	0	1,034,191	1,034,191
<u>\$67,909</u>	<u>\$34,467</u>	<u>\$5,299,355</u>	<u>\$1,034,191</u>	<u>\$17,205,488</u>

(continued)

Belpre City School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 June 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$20,387	\$11,457	\$0
Accrued Wages Benefits Payable	862,284	87,540	0
Compensated Absences Payable	28,503	0	0
Intergovernmental Payable	168,843	15,604	0
Deferred Revenue	6,716,378	39,408	0
Due to Students	0	0	0
Energy Conservation Loan Payable	0	0	0
Capital Lease Payable	0	0	0
Total Liabilities	7,796,395	154,009	0
 <u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Retained Earnings	0	0	0
Fund Balance:			
Reserved for Encumbrances	31,216	24,849	23,556
Reserved for Inventory	23,187	0	0
Reserved for Contributions	0	0	0
Reserved for Unclaimed Monies	1,790	0	0
Reserved for School Bus Purchases	90,196	0	0
Reserved for Property Taxes	109,787	0	0
Reserved for Textbooks	49,654	0	0
Reserved for Budget Stabilization	299,082	0	0
Unreserved:			
Undesignated	1,510,978	107,865	547,002
Total Fund Equity and Other Credits	2,115,890	132,714	570,558
Total Liabilities, Fund Equity and Other Credits	\$9,912,285	\$286,723	\$570,558

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$0	\$0	\$0	\$0	\$31,844
19,806	0	0	0	969,630
6,995	0	0	608,205	643,703
12,573	0	0	78,460	275,480
0	0	0	0	6,755,786
0	27,352	0	0	27,352
0	0	0	346,000	346,000
0	0	0	1,526	1,526
<u>39,374</u>	<u>27,352</u>	<u>0</u>	<u>1,034,191</u>	<u>9,051,321</u>
0	0	5,299,355	0	5,299,355
28,535	0	0	0	28,535
0	0	0	0	79,621
0	0	0	0	23,187
0	5,000	0	0	5,000
0	0	0	0	1,790
0	0	0	0	90,196
0	0	0	0	109,787
0	0	0	0	49,654
0	0	0	0	299,082
<u>0</u>	<u>2,115</u>	<u>0</u>	<u>0</u>	<u>2,167,960</u>
<u>28,535</u>	<u>7,115</u>	<u>5,299,355</u>	<u>0</u>	<u>8,154,167</u>
<u>\$67,909</u>	<u>\$34,467</u>	<u>\$5,299,355</u>	<u>\$1,034,191</u>	<u>\$17,205,488</u>

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2002

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<u>Revenues:</u>				
Taxes	\$5,730,686	\$0	\$0	\$5,730,686
Intergovernmental	2,555,983	760,119	1,200	3,317,302
Interest	85,947	0	0	85,947
Tuition and Fees	42,387	0	0	42,387
Extracurricular Activities	0	81,727	0	81,727
Miscellaneous	635,294	31,926	0	667,220
Total Revenues	9,050,297	873,772	1,200	9,925,269
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,783,668	378,103	0	4,161,771
Special	569,688	364,737	0	934,425
Vocational	103,351	0	0	103,351
Other	181,733	0	0	181,733
Support Services:				
Pupils	619,183	45,598	0	664,781
Instructional Staff	178,332	41,866	0	220,198
Board of Education	36,629	0	0	36,629
Administration	909,809	5,000	0	914,809
Fiscal	360,561	0	0	360,561
Business	2,347	0	0	2,347
Operation and Maintenance of Plant	731,138	14,000	0	745,138
Pupil Transportation	509,528	0	0	509,528
Central	40	642	0	682
Operation of Non-Instructional Services	0	300	0	300
Extracurricular Activities	127,081	70,895	0	197,976
Capital Outlay	10,697	9,825	383,698	404,220
Debt Service:				
Principal	1,396	0	0	1,396
Interest and Fiscal Charges	200	0	10,976	11,176
Total Expenditures	8,125,381	930,966	394,674	9,451,021
Excess of Revenues Over (Under) Expenditures	924,916	(57,194)	(393,474)	474,248
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Fixed Assets	2,835	0	0	2,835
Proceeds from Loans	0	0	346,000	346,000
Operating Transfers In	0	0	570,042	570,042
Operating Transfers Out	(570,042)	0	0	(570,042)
Total Other Financing Sources (Uses)	(567,207)	0	916,042	348,835
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	357,709	(57,194)	522,568	823,083
Fund Balances at Beginning of Year (Restated - Note 3)	1,734,994	189,908	47,990	1,972,892
Increase in Reserve for Inventory	23,187	0	0	23,187
Fund Balances at End of Year	\$2,115,890	\$132,714	\$570,558	\$2,819,162

See accompanying notes to the general purpose financial statements

Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2002

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Taxes	\$5,734,139	\$5,734,139	\$0
Intergovernmental	2,679,626	2,679,626	0
Interest	86,391	86,391	0
Tuition and Fees	42,338	42,338	0
Extracurricular Activities	0	0	0
Miscellaneous	637,764	637,750	(14)
Total Revenues	9,180,258	9,180,244	(14)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,972,805	3,841,259	131,546
Special	549,385	529,305	20,080
Vocational	99,263	97,452	1,811
Other	182,256	182,246	10
Support Services:			
Pupils	622,373	605,994	16,379
Instructional Staff	208,062	189,632	18,430
Board of Education	58,993	47,213	11,780
Administration	974,379	891,757	82,622
Fiscal	366,945	352,876	14,069
Business	3,417	2,499	918
Operation of Plant	750,576	714,488	36,088
Pupil Transportation	583,450	509,387	74,063
Central	490	40	450
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	131,914	124,764	7,150
Capital Outlay	34,214	13,597	20,617
Debt Service:			
Interest and Fiscal Charges	0	0	0
Total Expenditures	8,538,522	8,102,509	436,013
Excess of Revenues Over (Under) Expenditures	641,736	1,077,735	435,999
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	34,127	34,127	0
Refund of Prior Year Receipts	(127,731)	(57,731)	70,000
Proceeds from Sale of Fixed Assets	2,835	2,835	0
Proceeds from Loans	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(570,042)	(570,042)	0
Advances In	33,607	33,607	0
Advances Out	(20,000)	0	20,000
Total Other Financing Sources (Uses)	(647,204)	(557,204)	90,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,468)	520,531	525,999
Fund Balances at Beginning of Year	2,167,536	2,167,536	0
Prior Year Encumbrances Appropriated	295,210	295,210	0
Fund Balances at End of Year	\$2,457,278	\$2,983,277	\$525,999

(continued)

Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types (Continued)
For the Fiscal Year Ended June 30, 2002

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	848,502	851,952	3,450
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	81,911	82,251	340
Miscellaneous	29,217	29,217	0
Total Revenues	959,630	963,420	3,790
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	426,881	378,340	48,541
Special	455,826	396,722	59,104
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	65,317	49,115	16,202
Instructional Staff	48,229	46,095	2,134
Board of Education	0	0	0
Administration	5,000	5,000	0
Fiscal	0	0	0
Business	0	0	0
Operation of Plant	14,000	14,000	0
Pupil Transportation	0	0	0
Central	10,352	8,757	1,595
Operation of Non-Instructional Services	300	300	0
Extracurricular Activities	94,159	89,675	4,484
Capital Outlay	10,059	10,059	0
Debt Service:			
Interest and Fiscal Charges	0	0	0
Total Expenditures	1,130,123	998,063	132,060
Excess of Revenues Over (Under) Expenditures	(170,493)	(34,643)	135,850
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	2,350	2,350	0
Refund of Prior Year Receipts	(823)	(823)	0
Proceeds from Sale of Fixed Assets	0	0	0
Proceeds from Loans	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	(33,607)	(33,607)	0
Total Other Financing Sources (Uses)	(32,080)	(32,080)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(202,573)	(66,723)	135,850
Fund Balances at Beginning of Year	203,619	203,619	0
Prior Year Encumbrances Appropriated	29,843	29,843	0
Fund Balances at End of Year	\$30,889	\$166,739	\$135,850

See accompanying notes to the general purpose financial statements

Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$5,734,139	\$5,734,139	\$0
1,200	1,200	0	3,529,328	3,532,778	3,450
0	0	0	86,391	86,391	0
0	0	0	42,338	42,338	0
0	0	0	81,911	82,251	340
0	0	0	666,981	666,967	(14)
1,200	1,200	0	10,141,088	10,144,864	3,776
50,593	44,901	5,692	4,450,279	4,264,500	185,779
0	0	0	1,005,211	926,027	79,184
0	0	0	99,263	97,452	1,811
0	0	0	182,256	182,246	10
0	0	0	687,690	655,109	32,581
0	0	0	256,291	235,727	20,564
0	0	0	58,993	47,213	11,780
0	0	0	979,379	896,757	82,622
0	0	0	366,945	352,876	14,069
0	0	0	3,417	2,499	918
0	0	0	764,576	728,488	36,088
0	0	0	583,450	509,387	74,063
0	0	0	10,842	8,797	2,045
0	0	0	300	300	0
0	0	0	226,073	214,439	11,634
365,000	364,956	44	409,273	388,612	20,661
6,400	10,976	(4,576)	6,400	10,976	(4,576)
421,993	420,833	1,160	10,090,638	9,521,405	569,233
(420,793)	(419,633)	1,160	50,450	623,459	573,009
0	0	0	36,477	36,477	0
0	0	0	(128,554)	(58,554)	70,000
0	0	0	2,835	2,835	0
341,400	346,000	4,600	341,400	346,000	4,600
570,042	570,042	0	570,042	570,042	0
0	0	0	(570,042)	(570,042)	0
0	0	0	33,607	33,607	0
0	0	0	(53,607)	(33,607)	20,000
911,442	916,042	4,600	232,158	326,758	94,600
490,649	496,409	5,760	282,608	950,217	667,609
31,318	31,318	0	2,402,473	2,402,473	0
19,275	19,275	0	344,328	344,328	0
<u>\$541,242</u>	<u>\$547,002</u>	<u>\$5,760</u>	<u>\$3,029,409</u>	<u>\$3,697,018</u>	<u>\$667,609</u>

Combined Statement of Revenues,
Expenses and Changes in Retained Earnings/Fund Balance
Proprietary Fund Type and Similar Trust Fund
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	
<u>Operating Revenues:</u>			
Sales	\$155,203	\$0	\$155,203
Interest	0	649	649
Total Operating Revenues	<u>155,203</u>	<u>649</u>	<u>155,852</u>
<u>Operating Expenses:</u>			
Salaries	86,879	0	86,879
Fringe Benefits	28,754	0	28,754
Purchased Services	7,816	0	7,816
Materials and Supplies	33,012	0	33,012
Cost of Sales	118,363	0	118,363
Depreciation	415	0	415
Other	0	3,542	3,542
Total Operating Expenses	<u>275,239</u>	<u>3,542</u>	<u>278,781</u>
Operating Loss	<u>(120,036)</u>	<u>(2,893)</u>	<u>(122,929)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	7,682	0	7,682
Interest Income	609	0	609
Operating Grants	131,204	0	131,204
Total Non-Operating Revenues	<u>139,495</u>	<u>0</u>	<u>139,495</u>
Net Income (Loss)	19,459	(2,893)	16,566
Retained Earnings/Fund Balance at Beginning of Year (Restated - Note 3)	<u>9,076</u>	<u>10,008</u>	<u>19,084</u>
Retained Earnings/Fund Balance at End of Year	<u>\$28,535</u>	<u>\$7,115</u>	<u>\$35,650</u>

See accompanying notes to the general purpose financial statements

Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type and Similar Trust Fund
For the Fiscal Year Ended June 30, 2002

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$155,203	\$155,203	\$0
Interest	609	609	0
Operating Grants	131,204	131,204	0
Total Revenues	<u>287,016</u>	<u>287,016</u>	<u>0</u>
<u>Expenses:</u>			
Salaries	81,600	81,528	72
Fringe Benefits	29,040	27,866	1,174
Purchased Services	8,917	7,816	1,101
Materials and Supplies	168,603	143,603	25,000
Capital Outlay	1,171	885	286
Other	0	0	0
Total Expenses	<u>289,331</u>	<u>261,698</u>	<u>27,633</u>
Excess of Revenues Over (Under) Expenses	(2,315)	25,318	27,633
Fund Equity at Beginning of Year	37,654	37,654	0
Prior Year Encumbrances Appropriated	331	331	0
Fund Equity at End of Year	<u>\$35,670</u>	<u>\$63,303</u>	<u>\$27,633</u>

(continued)

Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type and Similar Trust Fund (Continued)
For the Fiscal Year Ended June 30, 2002

	Non-Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$0	\$0	\$0
Interest	649	649	0
Operating Grants	0	0	0
Total Revenues	649	649	0
<u>Expenses:</u>			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	0	0	0
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	4,248	3,542	706
Total Expenses	4,248	3,542	706
Excess of Revenues Over (Under) Expenses	(3,599)	(2,893)	706
Fund Equity at Beginning of Year	10,008	10,008	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	\$6,409	\$7,115	\$706

See accompanying notes to the general purpose financial statements

<u>Totals (Memorandum Only)</u>		
<u>Revised</u>		<u>Variance</u>
<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
		<u>(Unfavorable)</u>
\$155,203	\$155,203	\$0
1,258	1,258	0
<u>131,204</u>	<u>131,204</u>	<u>0</u>
<u>287,665</u>	<u>287,665</u>	<u>0</u>
81,600	81,528	72
29,040	27,866	1,174
8,917	7,816	1,101
168,603	143,603	25,000
1,171	885	286
<u>4,248</u>	<u>3,542</u>	<u>706</u>
<u>293,579</u>	<u>265,240</u>	<u>28,339</u>
(5,914)	22,425	28,339
47,662	47,662	0
<u>331</u>	<u>331</u>	<u>0</u>
<u>\$42,079</u>	<u>\$70,418</u>	<u>\$28,339</u>

Combined Statement of Cash Flows
Proprietary Fund Type and Similar Trust Fund
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$155,203	\$0	\$155,203
Cash Payments to Suppliers for Goods and Services	(150,746)	0	(150,746)
Cash Payments for Employee Services	(81,528)	0	(81,528)
Cash Payments for Employee Benefits	(27,866)	0	(27,866)
Other Operating Expenses	0	(3,542)	(3,542)
Net Cash Used for Operating Activities	(104,937)	(3,542)	(108,479)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	131,204	0	131,204
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	(885)	0	(885)
<u>Cash Flows from Investing Activities:</u>			
Interest	609	649	1,258
Net Increase (Decrease) in Cash and Cash Equivalents	25,991	(2,893)	23,098
Cash and Cash Equivalents at Beginning of Year	38,067	5,008	43,075
Cash and Cash Equivalents at End of Year	\$64,058	\$2,115	\$66,173
<u>Reconciliation of Operating Loss to</u>			
<u>Net Cash Used for Operating Activities:</u>			
Operating Loss	(\$120,036)	(\$2,893)	(\$122,929)
<u>Adjustments to Reconcile Operating Loss to</u>			
<u>Net Cash Used for Operating Activities:</u>			
Depreciation	415	0	415
Interest Income	0	(649)	(649)
Donated Commodities Used During Year	8,127	0	8,127
<u>Changes in Assets and Liabilities:</u>			
Decrease in Inventory Held for Resale	33	0	33
Decrease in Materials and Supplies Inventory	285	0	285
Increase in Accrued Wages and Benefits Payable	3,942	0	3,942
Increase in Compensated Absences Payable	741	0	741
Increase in Intergovernmental Payable	1,556	0	1,556
Total Adjustments	15,099	(649)	14,450
Net Cash Used for Operating Activities	(\$104,937)	(\$3,542)	(\$108,479)
Non-Cash Transactions: During fiscal year 2002, the School District received \$7,682 in donated commodities.			
Cash and Cash Equivalents - All Fiduciary Funds		\$29,467	
Cash and Cash Equivalents - Agency Fund		(27,352)	
Cash and Cash Equivalents - Non-Expendable Trust Fund		\$2,115	

See accompanying notes to the general purpose financial statements

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Belpre City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines. The Board controls the School District's four instructional/support facilities staffed by 61 classified employees, 92 certified teaching personnel, and 5 administrators, who provide services to 1,327 students and other community members.

The Belpre City School District was established July 1, 1961, when the population of the City exceeded 5,000 residents. Prior to this, it was known as the Belpre Exempted Village School District.

Reporting Entity:

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure 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 Belpre City 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. No separate government units meet the criteria for inclusion as a component unit.

The School District participates in three jointly governed organizations, the Southeastern Ohio Voluntary Educational Consortium, the Coalition of Rural and Appalachian Schools, and the Washington County Joint Vocational School District. The School District also participated in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Belpre City 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 proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories - governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or the trust fund).

Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

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

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Fiduciary Fund Types:

Fiduciary fund types are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include a non-expendable trust fund and an agency fund. The non-expendable trust fund is accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The enterprise funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed by the proprietary and non-expendable trust funds.

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.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, and grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 6). 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 fiscal year when the resources are required to be used or the fiscal 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 non-exchange 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, student fees, and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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 the governmental funds.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures plus encumbrances may not exceed the appropriation totals at the level of control. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the fiscal year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

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

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Lapsing of Appropriations

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

D. Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2002 amounted to \$85,947, which includes \$10,158 assigned from other School District funds.

During fiscal year 2002, the investments were limited to certificates of deposit which are reported at cost.

The School District has a segregated bank account for athletic monies held separate from the School District's central bank account. This non-interest bearing depository account is presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since it is not required to be deposited into the School District treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of school buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional materials and to create a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

F. 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.

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and supplies and are expensed when used.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, 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 is reported in the year in which services are consumed.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two hundred fifty dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

J. 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 School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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 after five years and for classified after eight years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are considered not to have been paid with current financial resources.

Capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following fiscal year.

Long-term debt and other obligations financed by proprietary fund operations are reported as liabilities in the appropriate proprietary funds.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves and Designations

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents unspent workers' compensation money. The reserve for contributions represents contributions to non-expendable trust funds that must be kept intact.

The School District had a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the statutory requirement for budget stabilization.

N. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 3 - RESTATEMENT OF PRIOR YEAR BALANCES

For 2002, the School District has presented, for the first time, financial statements in accordance with Generally Accepted Accounting Principles. The following reflects the adjustments made to restate beginning year fund balance/retained earnings:

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Fund Balance at June 30, 2001	\$2,462,746	\$233,465	\$50,593
Adjustments	(727,752)	(43,557)	(2,603)
Fund Balance at July 1, 2001	\$1,734,994	\$189,908	\$47,990
	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	Agency	
Retained Earnings at June 30, 2001	\$37,985	\$25,553	
Adjustments	(28,909)	(25,553)	
Retained Earnings at July 1, 2001	\$9,076	\$0	

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) Proprietary Fund Type and Similar Trust 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 basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Capital Projects
GAAP Basis	\$357,709	(\$57,194)	\$522,568
Revenue Accruals	164,518	92,522	0
Expenditure Accruals	15,682	(31,614)	(2,603)
Unreported Interest	(444)	0	0
Prepaid Items	6,776	0	0
Segregated Cash	0	(524)	0
Advances In	33,607	0	0
Advances Out	0	(33,607)	0
Encumbrances	(57,317)	(36,306)	(23,556)
Budget Basis	\$520,531	(\$66,723)	\$496,409

Net Income (Loss)/Excess of Revenues
Over (Under) Expenses
Proprietary Fund Type and Similar Trust Fund

	Enterprise	Non-Expendable Trust
GAAP Basis	\$19,459	(\$2,893)
Expense Accrual	7,002	0
Capital Outlay	(885)	0
Depreciation Expense	415	0
Encumbrances	(673)	0
Budget Basis	\$25,318	(\$2,893)

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 5 - CASH AND CASH EQUIVALENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

8. Under limited circumstances, corporate debt interests rated in either the two highest rating classification by at least two nationally recognized rating agencies.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$3,919,130 and the bank balance was \$3,801,366. Of the bank balance, \$140,248 was covered by federal depository insurance and \$3,661,118 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting."

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$3,914,400	\$5,000
Cash on Hand	(270)	0
Certificate of Deposit	5,000	(5,000)
GASB Statement 3	\$3,919,130	\$0

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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 year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2002 on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second Half Collections		2002 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$98,936,030	45.68%	\$111,498,270	54.00%
Public Utility Personal	8,957,480	4.14%	7,144,130	3.46%
Tangible Personal	108,684,890	50.18%	87,814,620	42.54%
	\$216,578,400	100.00%	\$206,457,020	100.00%
Tax Rate per \$1,000 of assessed valuation		\$31.00		\$31.00

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.

Tangible personal property taxes 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.

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, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance, at June 30, 2002, was \$109,787 to the General Fund and is recognized as revenue. At June 30, 2001, \$113,241 to the General Fund was available to the School District.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes, accounts (rent, billings for user charged services, and tuition and fees), 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. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Homestead and Rollback	\$674
Kids on Campus Grant	682
Total General Fund	<u>1,356</u>
Special Revenue Funds:	
Eisenhower Grant	839
Title VI-B	11,894
Title I	55,180
Title VI	728
Drug Free Schools Grant	462
E-Rate	8,318
Title VI-R	<u>5,772</u>
Total Special Revenue Funds	<u>83,193</u>
Total Intergovernmental Receivables	<u><u>\$84,549</u></u>

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$125,825
Less Accumulated Depreciation	<u>(124,280)</u>
Net Fixed Assets	<u><u>\$1,545</u></u>

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance at 6/30/01	Additions	Deletions	Balance at 6/30/02
Land	\$357,594	\$0	\$0	\$357,594
Buildings and Improvements	2,396,616	102,577	0	2,499,193
Furniture and Equipment	1,594,501	204,826	15,691	1,783,636
Vehicles	519,194	246,808	107,070	658,932
Totals	<u><u>\$4,867,905</u></u>	<u><u>\$554,211</u></u>	<u><u>\$122,761</u></u>	<u><u>\$5,299,355</u></u>

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 2002, the School District contracted with Utica National/Insurance Group for property insurance and boiler and machinery coverage. The policies include a \$5,000 deductible.

Professional and general liability is protected by Selective Insurance Company of South Carolina with a \$1,000,000 single occurrence limit with \$3,000,000 aggregate and \$1,000 deductible. Property damage is on a replacement cost basis for a blanket amount of \$18,428,170 on buildings and contents. Vehicles are covered by Nationwide Insurance and hold a \$1,000 deductible for both comprehensive and collision. Automobile liability has a \$2,000,000 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. The School District pays the State a rate per \$100 of salaries for workers' compensation.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

B. Workers' Compensation

For fiscal year 2002, 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 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 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$73,992, \$24,576, and \$56,501 respectively; 49.94 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$37,037, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$442,763, \$397,017, and \$235,101, respectively; 80.59 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$85,921, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

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, 2002, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$209,730 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000, and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent the premium.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$134,280.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

NOTE 12 - OTHER 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. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. 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 230 days for confidential employees, 238 days for certified employees, and 220 days for classified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 52 days for classified employees, 55 days for confidential employees, and 57 days for certified employees.

B. Health/Life Insurance

The School District provides health and major medical insurance for all eligible employees by contracting with Anthem Blue Cross/Blue Shield Insurance Company. The School District pays monthly premiums of up to \$646.18 for family and up to \$233.56 for individual for Point of Service coverage and up to \$661.57 for family and \$239.14 for individual for Preferred Provider Organizations coverage. Premiums are paid from the same funds that pay the employees' salaries.

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

Dental coverage is provided through Core Source, Inc. Premiums for this coverage are \$33.81 monthly or 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 \$13.40 for family and individual coverage.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the School District entered into a capitalized lease for risograph equipment.

The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Fixed assets acquired by the lease have been capitalized in the general fixed assets account group in the amount of \$6,995, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 totaled \$1,460 in the governmental funds.

Future minimum lease payments through 2004 are as follows:

Year	Amount
2003	\$1,596
Less: Amount Representing Interest	(70)
Present Value of Net Minimum Lease Payments	\$1,526

NOTE 14 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
2002 Energy Conservation				
Loan - 3.53%	\$0	\$346,000	\$0	\$346,000
Capital Lease	2,986	0	1,460	1,526
Pension Obligation	59,708	78,460	59,708	78,460
Compensated Absences	691,300	110,102	193,197	608,205
Total General Long-Term Obligations	\$753,994	\$534,562	\$254,365	\$1,034,191

Energy Conservation Loan - On November 7, 2001, Belpre City School District issued \$346,000 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 transferred from the general fund to the debt service fund.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The capital lease will be paid from the General Fund. Compensated absences and the pension obligation, which represents contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

School District's overall legal debt margin was \$18,581,132, with an unvoted debt margin of \$206,457 at June 30, 2002.

Principal and interest requirements to the energy conservation loan at June 30, 2002, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$0	\$12,214	\$12,214
2004	346,000	12,214	358,214
Total	<u>\$346,000</u>	<u>\$24,428</u>	<u>\$370,428</u>

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Belpre City School District as of and for the fiscal year ended June 30, 2002.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$138,855	\$16,348	\$155,203
Depreciation Expense	415	0	415
Operating Income (Loss)	(130,291)	10,255	(120,036)
Federal Donated Commodities	7,682	0	7,682
Interest Income	609	0	609
Operating Grants	131,204	0	131,204
Net Income	9,204	10,255	19,459
Fixed Asset Additions	885	0	885
Net Working Capital	28,608	15,469	44,077
Total Assets	52,440	15,469	67,909
Long-term Compensated Absences Payable	6,995	0	6,995
Long-term Pension Payable	10,092	0	10,092
Total Equity	13,066	15,469	28,535
Encumbrances Outstanding at June 30, 2002	0	673	673

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Southeast Ohio Voluntary Educational Consortium (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 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2002, the Belpre City School District paid \$15,104 to SEOVEC. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

Washington County Joint Vocational School - The Washington County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the Washington County Educational Service Center's board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Joint Vocational School, Mary Bee, Treasurer, at Route 2, Marietta, Ohio 45750.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education 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 upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. During fiscal year 2002, the Belpre City School District paid \$300 to the Coalition.

NOTE 17 - INSURANCE PURCHASING POOL

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

NOTE 18 - SET-ASIDE CALCULATIONS

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 fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior years, the School District was also required to set aside money for the budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside reserve balance as of June 30, 2001	\$58,945	\$124,988	\$206,910
Current year set-aside requirement	147,089	147,089	0
Contributions by the Board	0	0	92,172
Qualifying Disbursements	<u>(156,380)</u>	<u>(643,401)</u>	<u>0</u>
Totals	<u>\$49,654</u>	<u>(\$371,324)</u>	<u>\$299,082</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$49,654</u>	<u>(\$341,400)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$49,654</u>	<u>\$0</u>	<u>\$299,082</u>

The School District had qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amount below zero. Some of this extra amount may be used to reduce the set-aside requirement of future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$348,736.

NOTE 19 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, 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, 2002.

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Belpre City School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 20 – STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

Currently, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	\$	\$ 7,682	\$	\$ 8,127
School Breakfast Program	10.553	05PU-2001	2,589		2,589	
		05PU-2002	26,912		26,912	
Total School Breakfast Program			29,501	0	29,501	0
National School Lunch Program	10.555	LLP4-2001	12,410		12,410	
		LLP4-2002	84,293		84,293	
Total National School Lunch Program			96,703	0	96,703	0
Total Nutrition Cluster			126,204	7,682	126,204	8,127
Total United States Department of Agriculture			126,204	7,682	126,204	8,127
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	84.010	C1S1-2001	25,928		63,663	
		C1S1-2001C	25,666		25,666	
		C1S1-2002	187,934		142,044	
Total Title I Grants to Local Educational Agencies			239,528	0	231,373	0
Special Education - Grants to States	84.027	6BSF-2001P	36,000		36,047	
		6BSF-2002P	94,083		79,377	
Total Special Education - Grants to States			130,083	0	115,424	0
Safe and Drug-Free Schools and Communities - State Grants	84.186	DRS1-2000			823	
		DRS1-2002			1,464	
		DRS1-2002	4,560		3,409	
Total Safe and Drug-Free Schools and Communities - State Grants			4,560	0	5,696	0
Eisenhower Professional Development State Grants	84.281	MSS1-2000			1,405	
		MSS1-2001			5,146	
		MSS1-2002	7,547		5,684	
Total Eisenhower Professional Development State Grants			7,547	0	12,235	0
Innovative Education Program Strategies	84.298	C2S1-2002	5,890		5,821	
Technology Literacy Challenge Fund Grants	84.318	TF51-2001	100,000		100,000	
		TF52-2001	75,000		75,000	
		TF53-2001	25,000		19,932	
		TFVL-2000	9,000		9,000	
Total Technology Literacy Challenge Fund Grants			209,000	0	203,932	0
Class Size Reduction	84.340	CRS1-2001	5,114		7,466	
		CRS1-2002	42,558		38,186	
Total Class Size Reduction			47,672	0	45,652	0
School Renovation, IDEA, and Technology	84.352A	ATS1-2002	13,384		9,931	
Total United States Department of Education			657,664	0	630,064	0
Total Federal Awards Receipts and Expenditures			\$ 783,868	\$ 7,682	\$ 756,268	\$ 8,127

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. As of June 20, 2002, the School District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Belpre City School District
Washington County
2014 Washington Blvd.
Belpre, Ohio 45714

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2002, and have issued our report thereon dated November 6, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated November 6, 2002.

Belpre City School District
Washington County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

November 6, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Belpre City School District
Washington County
2014 Washington Blvd.
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 are applicable to its major federal program for the year ended June 30, 2002. The School District's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control over Compliance

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

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

November 6, 2002

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Technology Literacy Challenge Fund Grant CFDA #84.318
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Action Taken; Finding No Longer Valid
2001-11084-001	A noncompliance citation was issued under Ohio Admin. Code Section 117-2-03(B), for failing to prepare the School District's financial statements in accordance with generally accepted accounting principles.	Yes	N/A



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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
DECEMBER 23, 2002**