



Dave Yost • Auditor of State

**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

St. Clairsville-Richland City School District
Belmont County
108 Woodrow Avenue
St. Clairsville, Ohio 43950

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the School District was placed in Fiscal Caution by the Ohio Department of Education on February 23, 2004 based on the 5 year forecast. Note 22 to the financial statements describes management has not adopted a plan to address the projected deficits.

As described in Note 3, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

December 13, 2012

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The discussion and analysis of St. Clairsville-Richland City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- Net position decreased \$608,844.
- General revenues accounted for \$12,122,213 in revenue or 81 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants accounted for \$2,910,130 or 19 percent of total revenues in the amount of \$15,032,343.
- Total assets decreased \$1,001,208, primarily due to decreases in cash and cash equivalents, and annual depreciation on capital assets, which were offset slightly by an increase in property taxes receivable. Long-term liabilities decreased due to debt service payments on long-term debt. Other liabilities decreased due primarily to decreases in accrued wages and benefits, and the settlement of retainage payable during the fiscal year. Deferred inflows of resources increased due to an increase in property taxes not levied to finance current year operations, related to the increase in property taxes receivable.
- The School District had \$15,641,187 in expenses related to governmental activities; only \$2,910,130 of these expenses were offset by program specific charges for services, and operating grants. General revenues in the amount of \$12,122,213 were not adequate to provide for these programs.
- Total Governmental funds had \$14,982,031 in revenues and \$15,975,724 in expenditures. Overall, including other financing sources, total Governmental funds' balance decreased \$991,193.

Using this Annual Financial Report

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

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

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District's activities are all considered to be Governmental Activities:

- Governmental Activities – The School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, debt service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

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

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Reporting the District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its scholarship program. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, and other government units. These activities are reported in two agency funds. The School District's fiduciary activities are reported in a separate Statement of Net Position and Statement of Changes in Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2012 compared to 2011.

Table 1
Net Position
Governmental Activities

	2012	2011	Change
Assets			
Current and Other Assets	\$10,558,286	\$11,109,384	(\$551,098)
Capital Assets	8,846,786	9,296,896	(450,110)
Total Assets	19,405,072	20,406,280	(1,001,208)
Liabilities			
Long-Term Liabilities	2,697,885	3,497,230	(799,345)
Other Liabilities	1,799,915	2,030,431	(230,516)
Total Liabilities	4,497,800	5,527,661	(1,029,861)
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	7,335,682	6,698,185	637,497
Net Position			
Net Investment in Capital Assets	7,551,383	7,078,323	473,060
Restricted	925,713	1,040,175	(114,462)
Unrestricted (Deficit)	(905,506)	61,936	(967,442)
Total Net Position	\$7,571,590	\$8,180,434	(\$608,844)

Total assets decreased \$1,001,208, primarily due to decreases in cash and cash equivalents, as well as annual depreciation of capital assets, which were offset by an increase in property taxes receivable. Total liabilities decreased \$1,029,861 primarily due to annual debt service payments on long-term obligations, as well as decreases in accrued wages and benefits and retainage payable.

Overall, the net position of the School District's governmental activities decreased by \$608,844. Net investment in capital assets increased primarily due to annual debt service payments on capital related debt, which was offset by annual depreciation. Unrestricted net position decreased \$967,442.

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Table 2 shows the changes in net position for fiscal year 2012 compared to fiscal year 2011.

Table 2			
Changes in Net Position			
Governmental Activities			
	2012	2011	Change
Revenues			
<i>Program Revenue</i>			
Charges for Services	\$1,750,712	\$1,631,893	\$118,819
Operating Grants	1,159,418	2,042,083	(882,665)
Capital Grants and Contributions	0	425,589	(425,589)
Total Program Revenue	2,910,130	4,099,565	(1,189,435)
<i>General Revenue</i>			
Property Taxes	7,299,833	7,116,838	182,995
Grants and Entitlements	4,672,323	4,851,357	(179,034)
Gifts and Donations	83,702	70,628	13,074
Investments	4,790	9,609	(4,819)
Gain on Sale of Capital Assets	2,335	0	2,335
Miscellaneous	59,230	60,752	(1,522)
Total General Revenue	12,122,213	12,109,184	13,029
Total Revenues	15,032,343	16,208,749	(1,176,406)
Program Expenses			
Instruction:			
Regular	7,753,584	7,642,005	111,579
Special	1,563,757	1,675,987	(112,230)
Vocational	25,655	23,166	2,489
Support Services:			
Pupil	892,754	873,797	18,957
Instructional Staff	469,062	656,442	(187,380)
Board of Education	20,033	25,738	(5,705)
Administration	844,365	1,068,080	(223,715)
Fiscal	508,427	536,148	(27,721)
Operation and Maintenance of Plant	1,217,445	1,398,482	(181,037)
Pupil Transportation	681,530	745,692	(64,162)
Central	259,668	265,309	(5,641)
Operation of Non-Instructional Services	189,053	150,592	38,461
Food Service Operations	309,954	375,170	(65,216)
Extracurricular Activities	701,727	724,378	(22,651)
Interest and Fiscal Charges	204,173	187,157	17,016
Total Expenses	15,641,187	16,348,143	(706,956)
Change in Net Position	(608,844)	(139,394)	(469,450)
Net Position Beginning of Year	8,180,434	8,319,828	(139,394)
Net Position End of Year	\$7,571,590	\$8,180,434	(\$608,844)

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Governmental Activities

Property taxes comprise approximately 49 percent of revenues for the School District in fiscal year 2012. Program revenue operating grants decreased \$882,665 from the prior year due to the overall decrease in federal funding, including the elimination of Education Jobs grant, and American Recovery and Reinvestment Act grant. Capital grants and contributions decreased \$425,589 from the prior year due to the completion of the St. Clairsville Stadium Improvement Committee's Stadium Project.

Instruction comprises approximately 60 percent of governmental program expenses, and reflected a slight increase of \$1,838 from fiscal year 2011. Overall, program expenses of the School District decreased \$706,956. The decrease is primarily due to the elimination of federal programs, and the School District's continued attempts to monitor spending, resulting in instructional expenses remaining consistent coupled with an overall decrease in support services.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for fiscal year 2012 compared to fiscal year 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction:				
Regular	\$7,753,584	\$7,642,005	\$6,391,251	\$5,861,087
Special	1,563,757	1,675,987	1,255,261	1,061,382
Vocational	25,655	23,166	19,246	16,757
Support Services				
Pupil	892,754	873,797	832,882	813,191
Instructional Staff	469,062	656,442	320,344	397,815
Board of Education	20,033	25,738	20,033	25,738
Administration	844,365	1,068,080	789,020	696,266
Fiscal	508,427	536,148	401,637	443,000
Operation and Maintenance of Plant	1,217,445	1,398,482	1,216,345	1,396,861
Pupil Transportation	681,530	745,692	681,171	745,346
Central	259,668	265,309	249,351	250,996
Operation of Non-Instructional Services	189,053	150,592	53	(17,312)
Food Service Operations	309,954	375,170	4,253	79,495
Extracurricular Activities	701,727	724,378	346,037	290,799
Interest and Fiscal Charges	204,173	187,157	204,173	187,157
Total Expenses	<u>\$15,641,187</u>	<u>\$16,348,143</u>	<u>\$12,731,057</u>	<u>\$12,248,578</u>

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

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. The School District had two major funds, the General Fund and the Debt Service Fund. The General Fund had \$12,387,209 in revenues and \$13,423,114 in expenditures. The General Fund's balance decreased \$1,035,905. The Debt Service Fund had revenues in the amount of \$1,002,368 and expenditures in the amount of \$984,284 which resulted in a fund balance increase in the amount of \$18,084.

General Fund Budgeting Highlights

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

During the course of fiscal 2012 the School District amended its general fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The changes between the original and the final budget reflected an increase in intergovernmental revenue as well as decreases in instructional expenditures, with increases in support services, and extracurricular activities. The actual results of operations were different than budgeted amounts as less tax revenue was realized, while intergovernmental revenue exceeded estimates; spending in almost all categories was lower than budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2012, the School District had \$8,846,786 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 5 shows fiscal 2012 balances compared to 2011:

Table 4
 Capital Assets Net of Depreciation
 Government Activities

	2012	2011
Land	\$700,855	\$700,855
Land Improvements	1,152,531	1,192,261
Buildings and Improvements	6,078,067	6,356,683
Furniture and Equipment	664,882	738,989
Vehicles	250,451	308,108
Totals	\$8,846,786	\$9,296,896

For more information on capital assets see Note 9 to the basic financial statements.

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Debt

At June 30, 2012, the School District had \$1,958,852 outstanding in energy conservation loans and general obligation bonds, including premiums, discounts, accretion of interest with \$976,716 due within one year. The School District also had \$55,884 outstanding in capital leases with \$17,109 due within one year.

Table 5 summarizes bonds, notes and capital leases outstanding:

Table 5		
Outstanding Debt at Year End		
Government Activities		
	2012	2011
2002 School Improvement and Construction		
General Obligation Bonds		
Serial Bonds	\$955,000	\$1,860,000
Bond Premium	39,108	58,662
Bond Discount	(1,824)	(3,647)
Capital Appreciation Bonds	119,111	119,111
Capital Appreciation Bond Accretion of Interest	680,225	544,006
2005 Energy Conservation Loan	167,232	190,090
Capital Leases	55,884	71,307
Total	\$2,014,736	\$2,839,529

See Note 15 for more detailed information on the School District's debt.

Economic Factors

As the preceding information indicates, the School District depends heavily on local property taxpayers more than state funding. Future local tax revenues are decreasing due to the elimination of tangible personal property tax reimbursements, and updates and reappraisals that are lower than previous years.

Based on the most recent Board of Education approved five year forecast, the School District will be challenged to maintain financial stability in future years. This forecast projects a continuation of deficit spending that began in fiscal year 2010. The Board of Education and Administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the St. Clairsville-Richland City School District, 108 Woodrow Avenue, St. Clairsville, Ohio 43950.

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St. Clairsville-Richland City School District
Statement of Net Position
June 30, 2012

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,930,004
Intergovernmental Receivable	260,401
Prepaid Items	3,898
Materials and Supplies Inventory	48,292
Property Taxes Receivable	8,174,656
Cash and Cash Equivalents with Fiscal Agents	141,035
Non-Depreciable Capital Assets	700,855
Depreciable Capital Assets, Net	8,145,931
<i>Total Assets</i>	19,405,072
Liabilities	
Accounts Payable	24,989
Accrued Wages and Benefits Payable	1,332,661
Intergovernmental Payable	361,749
Matured Severance Payable	52,925
Accrued Interest Payable	1,764
Retirement Incentive Payable	20,000
Claims Payable	5,827
Long-Term Liabilities:	
Due Within One Year	1,074,639
Due In More Than One Year	1,623,246
<i>Total Liabilities</i>	4,497,800
Deferred Inflows of Resources	
Property Taxes not Levied to Finance Current Year Operations	7,335,682
Net Position	
Net Investment in Capital Assets	7,551,383
Restricted for:	
Capital Projects	46,085
Debt Service	643,448
State Programs	79,480
Federal Programs	24,465
Other Purposes	132,235
Unrestricted	(905,506)
<i>Total Net Position</i>	\$7,571,590

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$7,753,584	\$1,301,781	\$60,552	(\$6,391,251)
Special	1,563,757	0	308,496	(1,255,261)
Vocational	25,655	0	6,409	(19,246)
Support Services:				
Pupil	892,754	0	59,872	(832,882)
Instructional Staff	469,062	0	148,718	(320,344)
Board of Education	20,033	0	0	(20,033)
Administration	844,365	2,497	52,848	(789,020)
Fiscal	508,427	0	106,790	(401,637)
Operation and Maintenance of Plant	1,217,445	1,100	0	(1,216,345)
Pupil Transportation	681,530	0	359	(681,171)
Central	259,668	0	10,317	(249,351)
Operation of Non-Instructional Services	189,053	0	189,000	(53)
Food Service Operations	309,954	89,644	216,057	(4,253)
Extracurricular Activities	701,727	355,690	0	(346,037)
Interest and Fiscal Charges	204,173	0	0	(204,173)
<i>Total Governmental Activities</i>	<u>\$15,641,187</u>	<u>\$1,750,712</u>	<u>\$1,159,418</u>	<u>(12,731,057)</u>
General Revenues				
				6,393,002
				906,831
				4,672,323
				83,702
				4,790
				2,335
				59,230
<i>Total General Revenues</i>				<u>12,122,213</u>
				(608,844)
<i>Net Position Beginning of Year</i>				<u>8,180,434</u>
<i>Net Position End of Year</i>				<u>\$7,571,590</u>

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District

*Balance Sheet
Governmental Funds
June 30, 2012*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,074,916	\$571,591	\$272,497	\$1,919,004
Cash and Cash Equivalents with Fiscal Agents	141,035	0	0	141,035
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	11,000	0	0	11,000
Receivables:				
Property Taxes	7,149,293	1,025,363	0	8,174,656
Intergovernmental	151,524	0	108,877	260,401
Interfund	76,160	0	0	76,160
Prepaid Items	3,898	0	0	3,898
Materials and Supplies Inventory	46,584	0	1,708	48,292
<i>Total Assets</i>	<u>\$8,654,410</u>	<u>\$1,596,954</u>	<u>\$383,082</u>	<u>\$10,634,446</u>
Liabilities				
Accounts Payable	\$16,494	\$0	\$8,495	\$24,989
Accrued Wages and Benefits	1,256,829	0	75,832	1,332,661
Claims Payable	5,827	0	0	5,827
Matured Severance Payable	52,925	0	0	52,925
Retirement Incentive Payable	20,000	0	0	20,000
Interfund Payable	0	0	76,160	76,160
Intergovernmental Payable	333,636	0	28,113	361,749
<i>Total Liabilities</i>	<u>1,685,711</u>	<u>0</u>	<u>188,600</u>	<u>1,874,311</u>
Deferred Inflows of Resources				
Property Taxes not Levied to Finance Current Year Operations	6,423,048	912,634	0	7,335,682
Unavailable Revenue	585,396	67,153	26,022	678,571
<i>Total Deferred Inflows of Resources</i>	<u>7,008,444</u>	<u>979,787</u>	<u>26,022</u>	<u>8,014,253</u>
Fund Balances (Deficit)				
Nonspendable:				
Inventories	46,584	0	1,708	48,292
Prepaid Items	3,898	0	0	3,898
Restricted for:				
Capital Outlay	0	0	46,085	46,085
Debt Service	0	617,167	0	617,167
State Programs	0	0	79,480	79,480
Underground Storage Tank Premium	11,000	0	0	11,000
Other Purposes	0	0	121,235	121,235
Unassigned	(101,227)	0	(80,048)	(181,275)
<i>Total Fund Balances</i>	<u>(39,745)</u>	<u>617,167</u>	<u>168,460</u>	<u>745,882</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$8,654,410</u>	<u>\$1,596,954</u>	<u>\$383,082</u>	<u>\$10,634,446</u>

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2012

Total Governmental Fund Balances \$745,882

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 8,846,786

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:

Grants	26,022	
Delinquent Property Taxes	501,025	
Tuition and Fees	151,524	
 Total		 678,571

Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

General Obligation Serial Bonds	955,000	
Bond Premium	39,108	
Bond Discount	(1,824)	
General Obligation Capital Appreciation Bonds	119,111	
Capital Appreciation Bond Interest Accretion	680,225	
Energy Conservation Loan	167,232	
Compensated Absences	683,149	
Accrued Interest Payable	1,764	
Capital Leases	55,884	
 Total		 (2,699,649)

Net Position of Governmental Activities \$7,571,590

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$6,414,036	\$895,385	\$0	\$7,309,421
Intergovernmental	4,678,732	106,790	1,054,615	5,840,137
Interest	4,547	193	50	4,790
Tuition and Fees	1,227,137	0	0	1,227,137
Extracurricular Activities	405	0	357,782	358,187
Rent	0	0	1,100	1,100
Gifts and Donations	9,698	0	74,004	83,702
Charges for Services	8,683	0	89,644	98,327
Miscellaneous	43,971	0	15,259	59,230
<i>Total Revenues</i>	<u>12,387,209</u>	<u>1,002,368</u>	<u>1,592,454</u>	<u>14,982,031</u>
Expenditures				
Current:				
Instruction:				
Regular	7,427,531	0	66,499	7,494,030
Special	1,181,591	0	334,645	1,516,236
Vocational	8,219	0	0	8,219
Support Services:				
Pupil	811,843	0	61,675	873,518
Instructional Staff	295,710	0	152,200	447,910
Board of Education	17,247	0	0	17,247
Administration	779,966	0	57,824	837,790
Fiscal	491,578	21,099	0	512,677
Operation and Maintenance of Plant	1,174,706	0	9,400	1,184,106
Pupil Transportation	627,608	0	370	627,978
Central	246,658	0	10,282	256,940
Operation of Non-Instructional Services	440	0	186,732	187,172
Food Service Operations	0	0	290,906	290,906
Extracurricular Activities	309,099	0	397,793	706,892
Debt Service:				
Principal Retirement	38,281	905,000	0	943,281
Interest and Fiscal Charges	12,637	58,185	0	70,822
<i>Total Expenditures</i>	<u>13,423,114</u>	<u>984,284</u>	<u>1,568,326</u>	<u>15,975,724</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,035,905)	18,084	24,128	(993,693)
Other Financing Sources				
Sale of Capital Assets	0	0	2,500	2,500
<i>Net Change in Fund Balances</i>	(1,035,905)	18,084	26,628	(991,193)
<i>Fund Balances Beginning of Year</i>	<u>996,160</u>	<u>599,083</u>	<u>141,832</u>	<u>1,737,075</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$39,745)</u>	<u>\$617,167</u>	<u>\$168,460</u>	<u>\$745,882</u>

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012*

Net Change in Fund Balances - Total Governmental Funds (\$991,193)

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

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

Capital Assets Additions	45,411	
Depreciation	(495,356)	
Total	(449,945)	(449,945)

Capital Assets removed from the capital asset account on the statement of net position results in a gain or loss on disposal of capital assets on the statement of activities (165)

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

Grants	(8,396)	
Tuition and Fees	65,961	
Property Taxes	(9,588)	
Total	47,977	47,977

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

General Obligation Bonds	905,000	
Energy Conservation Loan	22,858	
Capital Leases	15,423	
Total	943,281	943,281

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities, and the accretion of interest of capital appreciation bonds is reported in the statement of activities

Accrued Interest	(14,863)	
Accretion on Capital Appreciation Bonds	(136,219)	
Total	(151,082)	(151,082)

Bond premiums are reported as other financing sources in the government funds, but are allocated as an expense over the life of the bonds on the statement of activities. 19,554

Bond Discounts are reported as other financing uses in government funds, but are allocated as an expense over the life of the bonds. (1,823)

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

Compensated Absences	(25,448)	
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Changes in Net Position of Governmental Activities (\$608,844)

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$6,980,000	\$6,980,000	\$6,471,359	(\$508,641)
Intergovernmental	3,566,316	3,957,962	4,678,732	720,770
Interest	3,466	3,847	4,547	700
Tuition and Fees	935,373	1,038,093	1,227,137	189,044
Extracurricular Activities	309	343	405	62
Gifts and Donations	7,392	8,204	9,698	1,494
Charges for Services	6,619	7,345	8,683	1,338
Miscellaneous	33,525	37,206	43,971	6,765
<i>Total Revenues</i>	<u>11,533,000</u>	<u>12,033,000</u>	<u>12,444,532</u>	<u>411,532</u>
Expenditures				
Current:				
Instruction:				
Regular	10,030,628	7,540,208	7,510,031	30,177
Special	569,053	1,203,948	1,171,582	32,366
Vocational	4,407	13,298	8,219	5,079
Support Services:				
Pupil	441,564	818,928	816,919	2,009
Instructional Staff	162,839	308,528	310,340	(1,812)
Board of Education	8,828	15,902	16,801	(899)
Administration	487,662	882,545	818,266	64,279
Fiscal	267,658	517,360	510,687	6,673
Operation and Maintenance of Plant	789,487	1,296,261	1,299,793	(3,532)
Pupil Transportation	347,916	668,444	657,256	11,188
Central	152,003	270,559	248,844	21,715
Operation of Non-Instructional Services	0	500	440	60
Extracurricular Activities	162,322	308,552	308,465	87
Debt Service:				
Principal Retirement	0	22,859	22,858	1
Interest and Fiscal Charges	0	6,475	6,475	0
<i>Total Expenditures</i>	<u>13,424,367</u>	<u>13,874,367</u>	<u>13,706,976</u>	<u>167,391</u>
Excess of Revenues Under Expenditures	<u>(1,891,367)</u>	<u>(1,841,367)</u>	<u>(1,262,444)</u>	<u>578,923</u>
Other Financing Sources (Uses)				
Advances In	0	0	104,964	104,964
Advances Out	0	(50,000)	(76,160)	(26,160)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(50,000)</u>	<u>28,804</u>	<u>78,804</u>
<i>Net Change in Fund Balance</i>	<u>(1,891,367)</u>	<u>(1,891,367)</u>	<u>(1,233,640)</u>	<u>657,727</u>
<i>Fund Balance Beginning of Year</i>	1,990,122	1,990,122	1,990,122	0
Prior Year Encumbrances Appropriated	<u>266,367</u>	<u>266,367</u>	<u>266,367</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$365,122</u>	<u>\$365,122</u>	<u>\$1,022,849</u>	<u>\$657,727</u>

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Statement of Net Position
Fiduciary Funds
June 30, 2012

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$364	\$32,426
Investments	10,159	0
<i>Total Assets</i>	10,523	\$32,426
Liabilities		
Undistributed Monies	0	\$5,131
Due to Students	0	27,295
<i>Total Liabilities</i>	0	\$32,426
Net Position		
Held in Trust for Scholarships	10,523	
<i>Total Net Position</i>	\$10,523	

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2012

	<u>Private Purpose Trust Fund</u>
Additions	
Interest	<u>\$160</u>
Total Additions	160
Deductions	
Scholarships Awarded	<u>500</u>
<i>Change in Net Position</i>	(340)
<i>Net Position Beginning of Year</i>	<u>10,863</u>
<i>Net Position End of Year</i>	<u><u>\$10,523</u></u>

See accompanying notes to the basic financial statements

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St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The first building used as a school house in St. Clairsville was built in 1802. Various buildings were used throughout St. Clairsville until 1868 when a red brick school house was built on the northeast corner of North Market and East Main Street at a cost of \$36,000. It was a 74' x 77' three-story building with a cupola on the top and a sandstone wall around it. It was used until 1916 when it was replaced by a building which was located at 106 Woodrow Avenue where the current Middle School and High School complex remains. In 1871 St. Clairsville High School held its first graduation. Currently, the School District has a high school building, middle school building including a connector facility, elementary building, high school gym, stadium complex, an administration building, a transportation building, and several storage facilities.

The St. Clairsville-Richland City School District (the School District) is a body politic and corporate established for the purpose of exercising rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by state and federal agencies. The Board controls the School District's five instructional/support facilities staffed by 47 noncertificated, 109 certificated teaching personnel, and 8 administrators who provide services to 1,780 students and other community members.

On February 23, 2004, the School District was declared to be in a state of "Fiscal Caution" by the Ohio Department of Education based on the five year forecast. The School District was subsequently required to submit a fiscal caution proposal to the Ohio Department of Education designed to avoid a potential deficit in fiscal years 2004 and 2005. The proposal was submitted by the School District on April 23, 2004 and accepted by the Ohio Department of Education on May 12, 2004. The School District currently remains in a state of "Fiscal Caution", at the request of the School District. See Note 22 for further details.

Reporting Entity

A reporting entity is comprised 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 the School District, this includes general operations, food service and student related activities of the School District.

Nonpublic Schools Within the School District boundaries, St. Mary's School is operated through the Catholic Diocese and East Richland Christian Schools is operated through the Friends Church. Current State legislation provides funding to these non-public schools. These monies are received and disbursed by the School District on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Educational Regional Service System Region 12 (ERSS), the Coalition of Rural and Appalachian Schools (CORAS), and the Belmont-Harrison Vocational School District, which are jointly governed organizations, the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRRP), the Ohio School Benefits Cooperative, which are defined as insurance purchasing pools, and the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan which is defined as a risk sharing, claims servicing, and insurance purchasing pool. The School District is associated with the St. Clairsville Public Library which is defined as a related organization. These organizations are presented in Notes 16, 17, and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The School District uses two categories of funds: governmental and fiduciary.

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

General Fund The General Fund accounts for and reports 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 and transferred according to the general laws of Ohio.

Debt Service Fund The Debt Service Fund accounts for and reports property tax revenues restricted for the payment of, general long-term debt principal and interest.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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

C. Measurement Focus

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

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

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

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

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, no deferred outflows of resources are reported

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, tuition and fees, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

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

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

E. Cash and Cash Equivalents

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

The School District has cash with a fiscal agent held separate from the School District’s central bank account. This account is maintained by the District’s self-insurance third party administrator and is presented in the statement of net position as “cash and cash equivalents with fiscal agents”.

During fiscal year 2012, investments were limited to nonnegotiable certificates of deposit, and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value. Fair value is based on quoted market price or current share price.

The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2012. STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s net asset value per share which is the price the investment could be sold at June 30, 2012.

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 2012 amounted to \$4,547, which includes \$1,233 assigned from other School District funds.

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 presented on the financial statements as cash and cash equivalents.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash restricted for insurance premiums related to the underground storage tank.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

H. Inventory

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

I. Capital Assets

The only capital assets of the School District are general capital assets. These assets result from expenditures in the governmental funds and are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Land Improvements	20 years
Buildings and Improvements	5-50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	5-10 years

J. Interfund Balances

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer 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 vacation eligible employees with more than one year service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employee will be paid.

L. Accrued Liabilities and Long-term Obligations

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

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

M. Bond Premiums and Discounts

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Bond discounts on the capital appreciation bonds are accreted over the term of the bonds.

On the governmental fund financial statements, bond premiums and bond discounts are recognized in the period in which the debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

N. Interfund Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

O. Fund Balance

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

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District resolutions).

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

P. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation enacted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs and underground storage tank deductibles. Of the total restricted net position, none has resulted from enabling legislation.

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

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect when the final appropriations were passed by the Board.

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2012, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – and amendment of GASB Statement No. 53" Fund Balance Reporting and Governmental Fund Type Definitions" and Statement No. 65, "Items Previously Reported as Assets and Liabilities."

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2012 financial statements; however, there was no material effect on beginning net position/fund balance.

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any material change in the School District's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2012 financial statements; however, there was no material effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

	Net Change in Fund Balance
	<u>General</u>
GAAP Basis	(\$1,035,905)
Revenue Accruals	57,323
Advances In	104,964
Expenditure Accruals	(79,760)
Advances Out	(76,160)
Encumbrances	<u>(204,102)</u>
Budget Basis	<u><u>(\$1,233,640)</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2)"cdqyg;
7. The State Treasurer's investment pool (STAR Ohio).
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

At June 30, 2012, the School District's General Fund had a balance of \$141,035 with OME-RESA, a claims servicing pool (see Note 17). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43695.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the School District's bank balance was \$572,108. Of the bank balance, \$283,987 was covered by Federal depository insurance and the remaining balance of \$288,121 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2012, the School District had an investment in STAR Ohio. The fair value of the STAR Ohio investment was \$1,455,516, and the investment has an average maturity of 52.5 days.

Interest Rate Risk. The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Credit Risk. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no policy that addresses credit risk.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Belmont 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, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2012, was \$292,373 in the General Fund and \$45,576 in the Debt Service Fund. The amount available as an advance at June 30, 2011, was \$349,696 in the General Fund and \$43,396 in the Debt Service Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second - Half Collections		2012 First - Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$333,218,600	96.96%	\$337,138,570	96.87%
Public Utility Personal	10,460,860	3.04%	10,906,740	3.13%
Total	\$343,679,460	100.00%	\$348,045,310	100.00%
 Tax rate per \$1,000 of assessed valuation	 \$34.75		 \$34.75	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2012, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$501,025 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
Excess Cost Reimbursement	\$151,524
Alternative Education Challenge Grant	10,912
IDEA - Part B Grant	50,342
Title II-A Grant	34,518
Title I Grant	11,644
Title II-D Grant	1,461
Total	\$260,401

NOTE 8 - INTERNAL BALANCES

A. Interfund Balances

Interfund balances at June 30, 2012, consist of the following interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General Fund</u>
Other Nonmajor Governmental Funds	<u>\$76,160</u>

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The loans made to the Miscellaneous State Grants, Miscellaneous Federal Grants and Title I Special Revenue Funds were made to support the programs until state, federal and other monies are received. The loan made to the Food Service Special Revenue fund was made to cover operating costs due to insufficient user charges.

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<u>Government Activities:</u>				
Non Depreciable Assets:				
Land	\$700,855	\$0	\$0	\$700,855
Total Non Depreciable Assets	<u>700,855</u>	<u>0</u>	<u>0</u>	<u>700,855</u>
Depreciable Assets:				
Land Improvements	1,193,042	18,950	0	1,211,992
Buildings and Improvements	12,187,197	0	0	12,187,197
Furniture, Fixtures, and Equipment	1,794,385	26,461	(70,592)	1,750,254
Vehicles	1,025,679	0	0	1,025,679
Total Depreciable Capital Assets	<u>16,200,303</u>	<u>45,411</u>	<u>(70,592)</u>	<u>16,175,122</u>
Less Accumulated Depreciation:				
Land Improvements	(781)	(58,680)	0	(59,461)
Buildings and Improvements	(5,830,514)	(278,616)	0	(6,109,130)
Furniture, Fixtures, and Equipment	(1,055,396)	(100,403)	70,427	(1,085,372)
Vehicles	(717,571)	(57,657)	0	(775,228)
Total	<u>(7,604,262)</u>	<u>(495,356)</u>	<u>70,427</u>	<u>(8,029,191)</u>
Depreciable Capital Assets, Net	<u>8,596,041</u>	<u>(449,945)</u>	<u>(165)</u>	<u>8,145,931</u>
Governmental Activities Capital Assets, Net	<u>\$9,296,896</u>	<u>(\$449,945)</u>	<u>(\$165)</u>	<u>\$8,846,786</u>

Depreciation Expense was charged to governmental functions as follows:

Instruction:	
Regular	\$177,414
Special	36,600
Vocational	17,436
Support Services:	
Pupils	8,358
Instructional Staff	22,289
Board of Education	2,786
Administration	22,826
Fiscal	5,572
Operation and Maintenance of Plant	52,321
Pupil Transportation	59,075
Central	1,816
Food Service Operations	19,048
Operation of Non-Instructional Services	1,881
Extracurricular Activities	67,934
Total	<u>\$495,356</u>

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 10 - RISK MANAGEMENT

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 2012, the School District contracted with Ohio Casualty Insurance Company for property and inland marine coverage, and for fleet insurance and liability insurance. The Ohio Casualty Insurance Coverage is provided by Pilney-Foster Insurance Agency of Ohio is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$47,839,961
<i>Automotive Liability:</i>	
Bodily Injury and Property Damage	1,000,000
Uninsured Motorist (\$1,000 deductible)	1,000,000
<i>Educational General Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000
Personal and Advertising Injury Limit - Each Occurrence	1,000,000
<i>Sexual Misconduct Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	1,000,000
<i>School Leaders Errors and Omissions Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	1,000,000
<i>Employee Benefits Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	3,000,000
<i>Employer's Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000

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 participates in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRRP), an insurance purchasing pool (Note 17). The intent of the GRRP is to achieve the overall benefit of a reduced workers' compensation premium for the School Districts. The participating School Districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based on the performance of the entire group. Participation in the GRRP is limited to School Districts that can meet the GRRP's selection criteria. The firm of Sheakley UniService, Inc., provides administration, cost control, and actuarial services to the GRRP.

The School District is a member of the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool through which dental coverage is provided to employees. Of the total monthly premiums of \$60.99, \$55.81 is paid by the Board, and \$5.18 is paid by the employees to the fiscal agent who in turn pays the claims on the School District's behalf. All employees are offered dental coverage through the self-insured program. The School District reports the program in the General Fund. The claims liability of \$5,827 reported in the General Fund at June 30, 2012, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2011	\$7,889	\$67,912	\$69,773	\$6,028
2012	6,028	74,411	74,612	5,827

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and certain administrators earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and the remaining administrators do not earn vacation time. All 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 225 days. Upon retirement, payment is made for one-third of the first 120 days of sick leave accumulation plus 12 percent of excess over 120 days up to 225 days.

B. Other Insurance

In addition to the dental self-insured coverage offered, the School District offers all employees medical/surgical and prescription drug insurance coverage. Effective, January 1, 2012, all employees were offered medical/surgical and prescription drug insurance coverage through Medical Mutual as part of the School District's enrollment in a joint insurance purchasing program offered by the Ohio School Benefits Cooperative, an insurance purchasing pool (see Note 17) . The monthly premium is \$1,265.71 for a family plan and \$537.62 for a single plan. The Board of Education pays approximately 91.5 percent of the premiums. The School District also provides life insurance and accidental death and dismemberment insurance to all employees from Met Life Insurance Company in an amount of \$20,000 per employee. The Board pays 100 percent of the monthly premiums of \$3.40 for this coverage.

C. Retirement Incentive

For fiscal year 2012, the School District offered a retirement incentive, in the amount of \$10,000, to any teacher, otherwise eligible for retirement through STRS, who by June 30, 2012, will have 30 years of service, and who, by April 15, 2012, submitted a letter of retirement to the Board, through the Treasurer, to be effective June 30, 2012. At June 30, 2012, there was a liability of \$20,000 for this benefit.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$200,942, \$167,496, and \$244,321, respectively. For fiscal years 2011 and 2010, 100 percent has been contributed. For fiscal year 2012, 68.19 percent has been contributed, with the balance being reported as an intergovernmental payable.

B. State Teachers Retirement System

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

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$778,743 and \$14,353 for the fiscal year ended June 30, 2012, \$875,439 and \$14,054 for the fiscal year ended June 30, 2011, and \$839,866 and \$14,306 for the fiscal year ended June 30, 2010. For fiscal year 2012, 86.12 percent has been contributed for the DB plan and 86.12 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2012 were \$22,406 made by the School District and \$16,004 made by the plan members. In addition, member contributions of \$10,252 were made for fiscal year 2012 for the defined contribution portion of the Combined Plan.

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 of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2012, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2012, 0.55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2012, this amount was \$35,800. During fiscal year 2012, the School District paid \$20,092 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$8,702, \$22,711, and \$9,598, respectively. For fiscal years 2011 and 2010, 100 percent has been contributed. For fiscal year 2012, 68.19 percent has been contributed, with the balance being reported as an intergovernmental payable.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010, were \$11,867, \$12,070, and \$14,575 respectively. For fiscal years 2011 and 2010, 100 percent has been contributed. For fiscal year 2012, 68.19 percent has been contributed, with the balance being reported as an intergovernmental payable.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$65,591, \$65,792, and \$64,627 respectively. For fiscal year 2012, 86.12 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior fiscal years, the School District has entered into capitalized leases for copying equipment.

The leases meet 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 basic financial statements for the governmental funds.

Equipment acquired by lease has been capitalized in government wide statements governmental activities in the amount of \$88,151, which is equal to the present value of the minimum lease payments. A corresponding liability was recorded in the government wide statements governmental activities. Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$48,198. Principal payments in fiscal year 2012 totaled \$15,423, in the governmental funds.

Future minimum lease payments through fiscal year 2017 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$17,109	\$4,476
2014	18,765	2,820
2015	11,247	1,252
2016	7,452	504
2017	1,311	15
Totals	<u>\$55,884</u>	<u>\$9,067</u>

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 15 - LONG TERM OBLIGATIONS

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

	Outstanding			Amounts	
	6/30/11	Additions	Reductions	Outstanding 6/30/12	Due Within One Year
<u>Governmental Activities:</u>					
2002 School Improvement and Construction					
General Obligation Bonds - \$7,944,111					
Serial Bonds - \$7,825,000 @ 1.95%-4.15%	\$1,860,000	\$0	\$905,000	\$955,000	\$955,000
Premium - \$483,132	58,662	0	19,554	39,108	0
Discount - \$30,124	(3,647)	1,823	0	(1,824)	0
Capital Appreciation Bond - \$119,111 @ 4.77%	119,111	0	0	119,111	0
Accretion of Interest - \$920,889 @ 19.6%	544,006	136,219	0	680,225	0
Total General Obligation Bonds	2,578,132	138,042	924,554	1,791,620	955,000
2005 Energy Conservation					
Loan - \$325,000 @ 4.05-6.00%	190,090	0	22,858	167,232	21,716
Capital Leases	71,307	0	15,423	55,884	17,109
Compensated Absences Payable	657,701	135,770	110,322	683,149	80,814
Total Governmental Activities	\$3,497,230	\$273,812	\$1,073,157	\$2,697,885	\$1,074,639

2002 School Improvement and Construction General Obligation Bonds - On April 15, 2002 the School District issued \$7,944,111 in general obligation school facilities construction and improvement bonds to retire bond anticipation notes that had been issued for construction and improvement of School District facilities. The School District received \$8,407,772 in proceeds, which included a \$483,132 premium on the capital appreciation bonds and \$10,653 in accrued interest. The serial bonds were issued at a \$30,124 discount. The bond premium and discount will be amortized over the life of the issue. The fiscal year 2012 amortization of the premium and discount were \$19,554 and \$1,823, respectively. The bond issue consists of serial bonds and a capital appreciation bond. The bonds were issued for an eleven year period with a final maturity at December 1, 2012 and the bonds have varying interest rates ranging from 1.95 percent to 4.15 percent. The general obligation bonds will be retired with the proceeds of a 2.94 mill property tax levy approved in May 2001. The principal and interest payments will be recorded in the Debt Service Fund. The bonds are not subject to redemption prior to stated maturity.

The capital appreciation bonds were sold at a discount of \$920,889, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is December 1, 2013. At maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as a liability. The maturity amount of the bond is \$1,040,000. The accretion recorded for fiscal year 2012 is \$136,219 for a total bond liability of \$799,336. The accretion will continue to be recorded over the life of the bonds.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The principal and interest requirements to retire the general obligation bonds are as follows:

Fiscal Year Ending June 30	Principal	Accretion/ Interest	Total
2013	\$955,000	\$19,817	\$974,817
2014	119,111	920,889	1,040,000
	<u>\$1,074,111</u>	<u>\$940,706</u>	<u>\$2,014,817</u>

Energy Conservation Loan – On August 24, 2004, the School District issued a fifteen year \$325,000 note at a variable rate of interest. The initial interest rate through the first five years of the loan was 4.05 percent. The interest rate for the remaining ten years of the loan is a variable rate based upon the weekly average rate for U.S. Treasury Securities adjusted to a “five year Treasury Rate” plus 2.25 percent multiplied by seventy-five percent per year. The rate is adjusted every five years and shall not exceed six percent and each adjustment shall not exceed one and one-quarter percent. After the initial rate adjustment on August 24, 2009, the current interest rate is 3.43 percent. The note was backed by the full faith and credit of the School District. The repayments are to be made from utility savings in the General Fund.

The principal and interest requirements to retire the energy conservation loan are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2013	\$21,716	\$9,498	\$31,214
2014	22,871	8,343	31,214
2015	23,763	8,037	31,800
2016	25,188	6,612	31,800
2017	26,700	5,100	31,800
2018-2019	46,994	5,298	52,292
	<u>\$167,232</u>	<u>\$42,888</u>	<u>\$210,120</u>

Bond Insurance – On March 24, 2009, Financial Guaranty Insurance Company (FGIC), the bond insurer for the 2002 bonds, was downgraded by Moody’s Investor Services from Caa1 to Caa3, and Moody’s withdrew the rating. This downgrade came after Moody’s had previously downgraded FGIC from B1 to Caa1 on December 19, 2008; from Baa3 to B1 on June 20, 2008; and from Aaa to A3 on February 14, 2008. As part of the 2002 bond issuance, the School District also, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the Department of Education will make the sufficient payment.

The downgrade of a bond insurer may not, in and by itself, create an immediate default under the bond indentures or other bond documents or cause any reallocation of rights or responsibilities among parties; however, it will likely have an adverse effect on the value of the bonds as they are traded in the secondary market.

The overall debt margin of the School District as of June 30, 2012 was \$30,821,558 with an unvoted debt margin of \$348,045.

Capital leases and compensated absences will be paid from the General Fund.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board possesses its own budgeting authority. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2012, the total amount paid to OME-RESA from the School District was \$85,572 for cooperative gas purchasing services, \$13,313 for technology services and \$37,393 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Educational Regional Service System Region 12 - The School District participates in the Educational Regional Service System Region 12 (ERSS), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service 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 Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$325 for fiscal year 2012.

Belmont-Harrison Vocational School District - The Belmont-Harrison Vocational School District 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 seven participating school district's elected boards, which possesses its own budgeting and taxing authority. During fiscal year 2012, the School District made no contributions to the

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Vocational School District. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at Fox Shannon Road, St. Clairsville, Ohio 43950.

NOTE 17 – PUBLIC ENTITY POOLS

A. Insurance Purchasing Pools

Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRRP) - The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRRP), an insurance purchasing pool. The intent of the GRRP is to achieve the overall benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRRP. The participating School Districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based on the performance of the entire group. Participation in the GRRP is limited to School Districts that can meet the GRRP's selection criteria. The firm of Sheakley UniService, Inc., provides administration, cost control, and actuarial services to the GRRP.

Ohio School Benefits Cooperative (OSBC) - The School District participates in the Ohio School Benefits Cooperative (OSBC), a claims servicing and group purchasing pool comprised of twenty-four members. The OSBC is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. The OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees. Participants pay a \$500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. Effective January 1, 2012, the School District began participating in the joint insurance purchasing program for medical and prescription drug coverage.

B. Risk Sharing, Claims Servicing, and Insurance Purchasing Pool

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

NOTE 18 – RELATED ORGANIZATION

The St. Clairsville Public Library - The St. Clairsville Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the St. Clairsville-Richland City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operating subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the St. Clairsville Public Library, Clerk/Treasurer, at 108 East Main Street, St. Clairsville, Ohio 43950.

NOTE 19 – CONTINGENCIES

A. Litigation

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

B. Statewide Review of Student Attendance Data and Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

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 is 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. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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 acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Effective June 30, 2005, through Amended Substitute House Bill 66, School Districts that are declared to be in Fiscal Caution, may either reduce or eliminate the set-aside, provided that the Districts apply and receive approval from the Ohio Department of Education. The St. Clairsville-Richland City School District remained in Fiscal Caution during fiscal year 2012, but did not request a waiver of the set-aside requirement for fiscal year 2012.

The following cash basis information describes the change in the year-end set-aside amounts for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2011	\$0
Current Year Set-aside Requirement	282,606
Current Year Qualifying Expenditures	(250,557)
Excess Qualified Expenditures from Prior Years	<u>(32,049)</u>
Totals	<u>\$0</u>
Balance Carried Forward to Fiscal Year 2013	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2012	<u>\$0</u>

The School District did not have qualifying disbursements during the fiscal year that reduced the set-aside amount for capital improvements to below zero, although the School District has prior year capital expenditures paid from debt proceeds in connection with a school facilities project and an energy conservation project that are used to offset the current year deficiency, and a remaining balance that also may be carried forward to offset future set-aside requirements.

NOTE 21 – SUBSEQUENT EVENTS

A. Schoolwide Pool

Effective July 11, 2012, the School District approved creation of a Schoolwide Pool Fund. Created under the No Child Left Behind Act of 2001, the Schoolwide Pool allows the School District to pool all federal, state, and local funds necessary in order to upgrade the instructional programs of the school buildings where at least forty percent of the students are from low-income families.

B. Playground Project

During fiscal year 2013, an Elementary School Playground project was undertaken by St. Clairsville Elementary School – Community Playground Committee. The total project cost is estimated at \$325,000, with an anticipated completion date of August 2013.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 22 – FINANCIAL POSITION

Based on the most recent Board-adopted five year forecast, the School District is projecting a deficit cash balance and a deficit unreserved fund balance in fiscal years 2014 through 2017 of the projection. The Board has not currently adopted a plan to address the projected deficits. The School District continues to be in a state of “Fiscal Caution” at their request.

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**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR/ <i>Pass-Through Grantor/ Program Title</i>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2011/2012	10.555	\$ 4,803	\$ 4,803
Cash Assistance:				
School Breakfast Program	2011/2012	10.553	60,684	60,684
National School Lunch Program	2011/2012	10.555	146,350	146,350
Cash Assistance Subtotal			<u>207,034</u>	<u>207,034</u>
Total Child Nutrition Cluster			<u>211,837</u>	<u>211,837</u>
Total U.S. Department of Agriculture			211,837	211,837
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	2012	84.010	178,658	177,132
	2011		20,342	35,874
Title I Grants to Local Educational Agencies Subtotal			<u>199,000</u>	<u>213,006</u>
ARRA - Title I, Grants to Local Educational Agencies, Recovery Act	2011	84.389	7,239	9,870
Total Title I, Part A Cluster			206,239	222,876
Special Education Cluster (IDEA):				
Special Education, Grants to States (IDEA, Part B)				
	2012	84.027	322,927	320,176
	2011		56,396	68,863
Special Education, Grants to States (IDEA, Part B) Subtotal			<u>379,323</u>	<u>389,039</u>
<i>Passed through East Central Ohio Educational Service Center:</i>				
Special Education - Preschool Grants (IDEA Preschool)	2012	84.173	6,495	6,495
Total Special Education Cluster (IDEA)			385,818	395,534
Improving Teacher Quality State Grants				
	2012	84.367	51,929	48,139
	2011		6,977	9,440
Total Improving Teacher Quality State Grants			<u>58,906</u>	<u>57,579</u>
Education Technology State Grants				
	2012	84.318	457	1,918
	2011		(371)	1,732
Total Education Technology State Grants			<u>86</u>	<u>3,650</u>
Education Jobs Fund				
	2012	84.318	5,461	5,461
	2011		48,608	50,334
Total Education Jobs Fund			<u>54,069</u>	<u>55,795</u>
Total U.S. Department of Education			<u>705,118</u>	<u>735,434</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 916,955</u>	<u>\$ 947,271</u>

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

**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. This transfer resulted in the Schedule reporting negative receipts. The School District transferred the following amount from 2011 to 2012 program:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2011 to 2012</u>
Education Technology State Grants	84.318	\$457



Dave Yost • Auditor of State

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

St. Clairsville-Richland City School District
Belmont County
108 Woodrow Avenue
St. Clairsville, Ohio 43950

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 13, 2012, wherein we noted the School District was placed in Fiscal Caution by the Ohio Department of Education on February 23, 2004 due to projected deficits in the 5 year forecast, and that the School District has adopted Governmental Accounting Standards Board Statement No's 63 and 65. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated December 13, 2012.

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

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

Dave Yost
Auditor of State

December 13, 2012



Dave Yost • Auditor of State

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

St. Clairsville-Richland City School District
Belmont County
108 Woodrow Avenue
St. Clairsville, Ohio 43950

To the Board of Education:

Compliance

We have audited the compliance of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2012. The Summary of Auditor's results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School District's compliance based on our audit.

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

As described in Finding 2012-01 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding Special Tests and Provisions applicable to its Child Nutrition Cluster major federal program. Compliance with these requirements is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2012-01 to be a material weakness.

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

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated December 13, 2012.

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



Dave Yost
Auditor of State

December 13, 2012

**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
JUNE 30, 2012**

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 reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified for all major programs, except for the Special Tests and Provisions requirements applicable to the Child Nutrition Cluster program, which we qualified.
<i>(d)(1)(vi)</i>	Are there any reportable findings under Section .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster CFDA #10.553 and #10.555 Title I, Part A Cluster CFDA #84.010 and #84.389
<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.

**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
JUNE 30, 2012
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2012-01
CFDA Title and Number	Child Nutrition Cluster, CFDA #10.553 and 10.555
Federal Award Number / Year	2011/2012
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Education

Noncompliance and Material Weakness – Special Tests & Provisions-Verification of Free and Reduced Price Applications

7 C.F.R. Section 245.6a (c)(1) states the local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year.

7 C.F.R. Section 245.6a (e)(1)(i) states prior to conducting any other verification activity, an individual, other than the individual who made the initial eligibility determination, shall review for accuracy each approved application selected for verification to ensure that the initial determination was correct. If the initial determination was incorrect the local educational agency must immediately notify the household and change the eligibility status.

7 C.F.R. Section 245.6a (f)(1) states, in part, households selected for verification shall be provided written notice that their applications were selected for verification and that they are required, by such date as determined by the local educational agency, to submit the requested information to verify eligibility for free or reduced price meals. These households shall be advised of the type or types of information and/or documents acceptable to the school.

We obtained the School District’s Verification Summary Report (the report). The report stated that 16 free and reduced price school meals family applications were selected for verification. The School District selected their sample size based on the number of paper applications and those students who receive free meal benefits through the direct certification match process as of October 1, 2011; however, those students receiving free meal benefits through the direct certification match process were not subject to the verification process.

Of the 16 applications selected for verification, 9 applications did not have documentation (i.e., copies of all letters sent to the household, and all documents submitted by the household(s)) that were used in the verification process. In addition, there was no evidence that eligibility status was changed in the School District’s system.

Of the 7 remaining applications, we noted the following:

- 2 applications had the proper documentation to prove that the student(s) were eligible for free or reduced price meals. Documentation included: copies of the application; copies of all letters sent to the household (i.e., letter to notify the households of selection for verification and the verification instructions; documents confirming income sources; and the letter of verification results and adverse action.)

**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
JUNE 30, 2012
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number 2012-01 (Continued)

Noncompliance and Material Weakness – Special Tests & Provisions-Verification of Free and Reduced Price Applications (Continued)

- 2 applications had a copy of the application with the letter to notify the household(s) of selection for verification and the verification instructions attached; however, the letter of verification results and adverse action stated that the parent/ guardian did not respond to original request and the child(ren) is/are no longer eligible to receive the free or reduced price meals.
 - One household did respond; documents then were obtained confirming income sources; and the child(ren) were reinstated with meal benefits.
 - One house did not respond; however, there was no evidence that eligibility status was changed in the District's system.
- 3 applications had documents confirming income sources attached to the application. However, the District did not have copies of the letters sent to each household (i.e. letters to notify the households of selection for verification; the verification instructions and the letter of verification results and adverse action).

The report was submitted to the Ohio Department of Education in error-free status on November 15, 2011 in order for the District's November 2011 claim for reimbursement to be processed.

We did note there is no central individual who is responsible for the verification process at the School District. Verifications are performed at the building-level by either the building secretary or the building cook. The elementary school cook completes and submits the report. There is lack of communication between all individuals and the person completing and submitting the report. As a result, based on this lack of communication and based on lack of documentation that was available to audit, the School District had inaccurately reported their results in the CRRS (Claims Reporting and Reimbursement System).

We recommend the School District implement control procedures for selecting and verifying the required sample of approved free and reduced price applications and make the appropriate changes to eligibility status in the School District's system. In addition, we recommend the School District designate an individual in charge of the District's verification process and to report the results in CRRS.

Officials' Response and Corrective Action Plan:

The St. Clairsville-Richland City School District Treasurer and Food Service Director have reviewed the verification procedures and are putting in place written guidelines on how this District will complete the annual required verification process. Procedures were verbally reviewed with the H.S. Building Secretary, M.S. Building Secretary and the Elementary Cafeteria Cook for the 2012-13 school year verification process due to the timing of the finding.

**ST. CLAIRSVILLE-RICHLAND CITY SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
JUNE 30, 2012
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number 2012-01 (Continued)

Officials' Response and Corrective Action Plan (Continued):

The written guidelines will address the following:

- 1.) Timing of the initial verification letter and additional notices
- 2.) Type of sampling along with which applications to include in the sample to determine the number of households to be verified
- 3.) Instructions to properly complete the verification section of the Free and Reduced Application
- 4.) Maintaining a verification file with copies of all communications, including, the initial application, the letter notifying the household of selection for verification with instructions and second notices, documents received from the household verifying income, and the letter of verification results and adverse action
- 5.) The Food Service Supervisor will review all of the verification documentation and submit the report to the State of Ohio to ensure compliance
- 6.) Documentation that the students that received a letter of adverse action were switched to the appropriate status in the cafeteria Point of Sale system and the district DASL system

The above mentioned guidelines will improve awareness of procedures and communications between the staff completing the annual required federal cafeteria verification report.

Responsible contact person – Amy Porter, Treasurer; Anticipated completion date – June 30, 2013.



Dave Yost • Auditor of State

ST. CLAIRSVILLE- RICHLAND CITY SCHOOL DISTRICT

BELMONT 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 27, 2012**