



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2014, and the respective changes in financial position thereof and respective budgetary comparisons for the General and Schoolwide Pool Special Revenue Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

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

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

February 23, 2015

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St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The discussion and analysis of the 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, 2014. 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 2014 are as follows:

- Net position increased \$830,483.
- General revenues accounted for \$12,490,272 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,381,519 or 26 percent of total revenues in the amount of \$16,871,791.
- Total assets increased \$800,657, primarily due to capital asset additions related to the School District's elementary school upgrades, which were offset by annual depreciation. Total liabilities increased \$302,133 primarily due to the inception of a capital lease to finance the elementary school project, which was offset by annual debt service payments on long-term obligations, including the final payments on the 2002 School Construction and Improvement General Obligation Bonds.
- The School District had \$16,041,308 in expenses related to governmental activities; only \$4,381,519 of these expenses were offset by program specific charges for services, operating grants and contributions, capital grants and contributions. General revenues in the amount of \$12,490,272 were adequate to provide for these programs.
- Total Governmental funds had \$16,631,677 in revenues and \$17,991,707 in expenditures. Overall, including other financing sources and uses, total Governmental funds' balance increased \$135,775.

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 Schoolwide Pool Special Revenue 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, 2014
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" 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 10. 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 Schoolwide Pool Special Revenue Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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, 2014
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 as 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 2014 compared to 2013.

Table 1
Net Position
Governmental Activities

	2014	2013	Change
Assets			
Current and Other Assets	\$10,388,521	\$10,712,350	(\$323,829)
Capital Assets	10,013,922	8,889,436	1,124,486
Total Assets	20,402,443	19,601,786	800,657
Liabilities			
Long-Term Liabilities	2,282,155	1,863,667	418,488
Other Liabilities	1,847,632	1,963,987	(116,355)
Total Liabilities	4,129,787	3,827,654	302,133
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	7,414,587	7,746,546	(331,959)
Net Position			
Net Investment in Capital Assets	8,332,724	8,238,365	94,359
Restricted	484,003	1,054,361	(570,358)
Unrestricted (Deficit)	41,342	(1,265,140)	1,306,482
Total Net Position	\$8,858,069	\$8,027,586	\$830,483

Total assets increased \$800,657, primarily due to capital asset additions related to the School District's elementary school upgrades, which were offset by a decrease in current assets primarily due to a decrease in property taxes receivable. The decrease in property taxes receivable was primarily due to a combination of decreases in delinquencies, the timing of the final collections for the bond retirement levy and the initial collections of the 2014 current operating levy. The decrease was also impacted by the new operating levy that caused the School District's effective millage to rise above the 20 mill floor, allowing for reduction factors to be applied against increases in assessed valuation.

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Total liabilities increased \$302,133 primarily due to the inception of a capital lease to finance the elementary school project, which was offset by annual debt service payments on long-term obligations, including the final payments on the 2002 School Construction and Improvement General Obligation Bonds. The decrease in other liabilities is primarily due to a decrease in contracts payable related to the elementary school project.

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

Table 2 Changes in Net Position Governmental Activities			
	2014	2013	Change
Revenues			
<i>Program Revenue</i>			
Charges for Services	\$2,370,760	\$1,932,350	\$438,410
Operating Grants and Contributions	1,772,759	1,360,180	412,579
Capital Grants and Contributions	238,000	170,470	67,530
Total Program Revenue	4,381,519	3,463,000	918,519
<i>General Revenue</i>			
Property Taxes	7,888,278	7,819,500	68,778
Grants and Entitlements	4,421,843	4,545,674	(123,831)
Gifts and Donations	112,539	106,659	5,880
Investments	557	1,587	(1,030)
Miscellaneous	67,055	104,844	(37,789)
Total General Revenue	12,490,272	12,578,264	(87,992)
Total Revenues	16,871,791	16,041,264	830,527
Program Expenses			
Instruction:			
Regular	7,873,347	7,680,158	193,189
Special	1,937,345	1,650,894	286,451
Vocational	4,297	24,245	(19,948)
Support Services:			
Pupil	734,769	752,453	(17,684)
Instructional Staff	40,973	234,050	(193,077)
Board of Education	19,524	19,722	(198)
Administration	897,941	872,982	24,959
Fiscal	523,660	549,148	(25,488)
Business	2,662	0	2,662
Operation and Maintenance of Plant	1,516,373	1,274,063	242,310
Pupil Transportation	723,191	717,356	5,835
Central	258,433	262,949	(4,516)
Operation of Non-Instructional Services	155,661	279,687	(124,026)
Food Service Operations	434,917	283,340	151,577
Extracurricular Activities	807,628	803,394	4,234
Interest and Fiscal Charges	110,587	180,827	(70,240)
Total Expenses	16,041,308	15,585,268	456,040
Change in Net Position	830,483	455,996	374,487
Net Position Beginning of Year	8,027,586	7,571,590	455,996
Net Position End of Year	\$8,858,069	\$8,027,586	\$830,483

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Governmental Activities

Property taxes comprise approximately 47 percent of revenues for the School District in fiscal year 2014. Charges for services program revenue increased \$438,410 from the prior year, primarily due to increases in tuition and fees for open enrollment. Operating grants and contributions program revenue increased \$412,579 from the prior year, primarily due to an increase in program specific special education funding.

Instruction comprises approximately 61 percent of governmental program expenses, and reflected an increase of \$459,692 from fiscal year 2013. The increases in regular instruction and special instruction, and the decrease in instructional staff support services is primarily due to instructional aide expenses that had previously been reported as support services and are now reported under instructional cost categories. Overall, program expenses of the School District increased \$456,040. The increase is primarily due to the School District's new operating levy which began collections in 2014.

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 2014 compared to fiscal year 2013. 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	
	2014	2013	2014	2013
Instruction:				
Regular	\$7,873,347	\$7,680,158	\$5,632,867	\$5,836,166
Special	1,937,345	1,650,894	1,093,930	1,350,245
Vocational	4,297	24,245	(13,371)	17,836
Support Services				
Pupil	734,769	752,453	731,403	752,453
Instructional Staff	40,973	234,050	39,025	57,785
Board of Education	19,524	19,722	19,524	19,722
Administration	897,941	872,982	890,331	868,530
Fiscal	523,660	549,148	467,408	433,353
Business	2,662	0	2,662	0
Operation and Maintenance of Plant	1,516,373	1,274,063	1,277,073	1,109,389
Pupil Transportation	723,191	717,356	723,191	717,356
Central	258,433	262,949	251,122	258,626
Operation of Non-Instructional Services	155,661	279,687	(44,602)	49,086
Food Service Operations	434,917	283,340	47,837	42,730
Extracurricular Activities	807,628	803,394	430,802	428,164
Interest and Fiscal Charges	110,587	180,827	110,587	180,827
Total Expenses	<u>\$16,041,308</u>	<u>\$15,585,268</u>	<u>\$11,659,789</u>	<u>\$12,122,268</u>

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 73 percent of program expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Schoolwide Pool Special Revenue Fund. The General Fund had \$14,318,407 in revenues and \$11,817,153 in expenditures. Including other financing sources and uses, the General Fund's balance increased \$450,121. The Schoolwide Pool Fund had \$324,360 in revenues and \$2,252,798 in expenditures. Including other financing sources, the Schoolwide Pool had no change in fund balance.

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 2014, 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 a decrease in property tax revenue, intergovernmental revenue, and tuition and fees. Changes between the original and the final budget also reflect a decrease in regular instruction that was offset by increases in support services and debt service payments. The actual results of operations were not significantly different than budgeted amounts as slightly more revenues were received than estimated and total spending was less than budgeted.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2014, the School District had \$10,013,922 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles, net of depreciation. Table 4 shows fiscal 2014 balances compared to 2013:

Table 4
Capital Assets Net of Depreciation
Government Activities

	2014	2013
Land	\$700,855	\$700,855
Construction in Progress	0	290,820
Land Improvements	1,426,698	1,256,296
Buildings and Improvements	7,055,585	5,799,451
Furniture, Fixtures, and Equipment	639,126	644,618
Vehicles	191,658	197,396
Totals	\$10,013,922	\$8,889,436

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

For more information on capital assets see Note 10 to the basic financial statements.

Debt

At June 30, 2014, the School District had \$119,093 outstanding in energy conservation loans with \$23,763 due within one year. The School District also had \$1,496,587 outstanding in capital leases with \$161,554 due within one year. During fiscal year 2014, the School District made the final debt service payments to retire the 2002 School Improvement and Construction General Obligation Bonds.

Table 5 summarizes bonds, notes and capital leases outstanding:

Table 5		
Outstanding Debt at Year End		
Government Activities		
	2014	2013
2002 School Improvement and Construction		
General Obligation Bonds		
Bond Premium	\$0	\$19,554
Capital Appreciation Bonds	0	119,111
Capital Appreciation Bond Accretion of Interest	0	843,892
2005 Energy Conservation Loan	119,093	143,565
Capital Leases	1,496,587	97,575
Total	\$1,615,680	\$1,223,697

See Note 18 for more detailed information on the School District's debt.

Economic Factors

As the preceding information indicates, the School District depends more heavily on local property taxpayers than on state funding.

The School District passed a 2.75 mill continuing operating levy on May 7, 2013, effective for tax year 2013. First collections of the new levy funds will begin with the first real estate tax settlement in calendar year 2014. The new levy moves the School District above the 20 mill floor; as a result, future reappraisals will not result in increased revenue except on inside millage. Based on the current State biennium budget, State foundation revenues are not expected to increase. Therefore, revenue increases outside of the new levy are relatively low.

The Board of Education and the 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.

St. Clairsville-Richland City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Contacting the School District's Financial Management

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

St. Clairsville-Richland City School District

Statement of Net Position

June 30, 2014

	Governmental Activities
	<hr/>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,415,266
Intergovernmental Receivable	522,711
Prepaid Items	3,796
Materials and Supplies Inventory	19,857
Property Taxes Receivable	8,262,925
Cash and Cash Equivalents with Fiscal Agents	163,966
Non-Depreciable Capital Assets	700,855
Depreciable Capital Assets, Net	9,313,067
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<i>Total Assets</i>	20,402,443
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Liabilities	
Accounts Payable	152,606
Accrued Wages and Benefits Payable	1,212,560
Intergovernmental Payable	386,674
Contracts Payable	31,118
Retainage Payable	34,400
Accrued Interest Payable	14,919
Retirement Incentive Payable	10,000
Claims Payable	5,355
Long-Term Liabilities:	
Due Within One Year	264,337
Due In More Than One Year	2,017,818
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<i>Total Liabilities</i>	4,129,787
	<hr/>
Deferred Inflows of Resources	
Property Taxes not Levied to Finance Current Year Operations	7,414,587
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Net Position	
Net Investment in Capital Assets	8,332,724
Restricted for:	
Capital Projects	47,954
Debt Service	62,746
State Programs	89,171
Federal Programs	100,366
Other Purposes	183,766
Unrestricted	41,342
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<i>Total Net Position</i>	\$8,858,069
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See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Instruction:					
Regular	\$7,873,347	\$1,859,449	\$381,031	\$0	(\$5,632,867)
Special	1,937,345	0	843,415	0	(1,093,930)
Vocational	4,297	0	17,668	0	13,371
Support Services:					
Pupil	734,769	0	3,366	0	(731,403)
Instructional Staff	40,973	0	1,948	0	(39,025)
Board of Education	19,524	0	0	0	(19,524)
Administration	897,941	4,440	3,170	0	(890,331)
Fiscal	523,660	0	56,252	0	(467,408)
Business	2,662	0	0	0	(2,662)
Operation and Maintenance of Plant	1,516,373	1,300	0	238,000	(1,277,073)
Pupil Transportation	723,191	0	0	0	(723,191)
Central	258,433	0	7,311	0	(251,122)
Operation of Non-Instructional Services	155,661	0	200,263	0	44,602
Food Service Operations	434,917	128,745	258,335	0	(47,837)
Extracurricular Activities	807,628	376,826	0	0	(430,802)
Interest and Fiscal Charges	110,587	0	0	0	(110,587)
<i>Total Governmental Activities</i>	<u>\$16,041,308</u>	<u>\$2,370,760</u>	<u>\$1,772,759</u>	<u>\$238,000</u>	<u>(11,659,789)</u>
General Revenues					
Property Taxes Levied for General Purposes					7,574,909
Property Taxes Levied for Debt Service					313,369
Grants and Entitlements not Restricted to Specific Programs					4,421,843
Gifts and Donations					112,539
Investment Earnings					557
Miscellaneous					67,055
<i>Total General Revenues</i>					<u>12,490,272</u>
Change in Net Position					830,483
<i>Net Position Beginning of Year</i>					<u>8,027,586</u>
<i>Net Position End of Year</i>					<u><u>\$8,858,069</u></u>

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District

*Balance Sheet
Governmental Funds
June 30, 2014*

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,006,311	\$0	\$363,515	\$1,369,826
Cash and Cash Equivalents with Fiscal Agents	163,966	0	0	163,966
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	11,000	0	34,440	45,440
Receivables:				
Property Taxes	8,262,925	0	0	8,262,925
Intergovernmental	243,996	0	278,715	522,711
Accrued Interest		0	0	0
Interfund	181,846	378,795	260	560,901
Prepaid Items	3,796	0	0	3,796
Inventory Held for Resale		0	0	0
Materials and Supplies Inventory	13,672	0	6,185	19,857
<i>Total Assets</i>	<u>\$9,887,512</u>	<u>\$378,795</u>	<u>\$683,115</u>	<u>\$10,949,422</u>
Liabilities				
Accounts Payable	\$133,628	\$0	\$18,978	\$152,606
Contracts Payable	0	0	31,118	31,118
Retainage Payable	0	0	34,400	34,400
Accrued Wages and Benefits	839,815	310,152	62,593	1,212,560
Claims Payable	5,355	0	0	5,355
Matured Severance Payable	0	0	0	0
Retirement Incentive Payable	10,000	0	0	10,000
Interfund Payable	334,440	25,943	200,518	560,901
Intergovernmental Payable	322,847	42,700	21,127	386,674
Retainage Payable	0	0	0	0
<i>Total Liabilities</i>	<u>1,646,085</u>	<u>378,795</u>	<u>368,734</u>	<u>2,393,614</u>
Deferred Inflows of Resources				
Property Taxes not Levied to Finance Current Year Oper.	7,414,587	0	0	7,414,587
Unavailable Revenue	538,217	0	100,366	638,583
<i>Total Deferred Inflows of Resources</i>	<u>7,952,804</u>	<u>0</u>	<u>100,366</u>	<u>8,053,170</u>
Fund Balances (Deficit)				
Nonspendable:				
Inventories	13,672	0	6,185	19,857
Prepaid Items	3,796	0	0	3,796
Restricted for:				
Capital Outlay	0	0	25,168	25,168
Debt Service	0	0	77,665	77,665
Set Asides	0	0	0	0
State Programs	0	0	89,171	89,171
Federal Programs	0	0	0	0
Food Service Operations	0	0	0	0
Underground Storage Tank Premium	11,000	0	0	11,000
Other Purposes	0	0	172,766	172,766
Assigned to Purchases on Order	260,155	0	0	260,155
Unassigned	0	0	(156,940)	(156,940)
<i>Total Fund Balances</i>	<u>288,623</u>	<u>0</u>	<u>214,015</u>	<u>502,638</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$9,887,512</u>	<u>\$378,795</u>	<u>\$683,115</u>	<u>\$10,949,422</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, 2014*

Total Governmental Fund Balances		\$502,638
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		10,013,922
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:		
Intergovernmental	100,366	
Property Taxes	298,930	
Tuition and Fees	239,287	
Total		638,583
In the Statement of Activities, interest is accrued on outstanding bonds and notes, whereas in the governmental funds, an interest expenditure is reported when due.		(14,919)
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Energy Conservation Loan	119,093	
Capital Leases	1,496,587	
Compensated Absences	666,475	
Total		(2,282,155)
<i>Net Position of Governmental Activities</i>		\$8,858,069

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, 2014

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$7,578,631	\$0	\$354,651	\$7,933,282
Intergovernmental	4,861,267	324,360	1,014,042	6,199,669
Interest	482	0	75	557
Tuition and Fees	1,708,697	0	0	1,708,697
Extracurricular Activities	0	0	376,826	376,826
Rent	0	0	5,740	5,740
Gifts and Donations	22,190	0	90,349	112,539
Charges for Services	98,567	0	128,745	227,312
Miscellaneous	48,573	0	18,482	67,055
<i>Total Revenues</i>	<u>14,318,407</u>	<u>324,360</u>	<u>1,988,910</u>	<u>16,631,677</u>
Expenditures				
Current:				
Instruction:				
Regular	5,582,492	2,025,758	68,354	7,676,604
Special	1,299,099	207,440	395,429	1,901,968
Vocational	1,480	0	0	1,480
Support Services:				
Pupil	720,908	0	3,382	724,290
Instructional Staff	30,845	0	1,958	32,803
Board of Education	16,707	0	0	16,707
Administration	878,487	19,600	1,890	899,977
Fiscal	504,488	0	12,204	516,692
Business	2,162	0	500	2,662
Operation and Maintenance of Plant	1,337,581	0	1,281,651	2,619,232
Pupil Transportation	675,717	0	0	675,717
Central	250,492	0	5,400	255,892
Operation of Non-Instructional Services	997	0	152,783	153,780
Food Service Operations	0	0	416,347	416,347
Extracurricular Activities	336,115	0	460,312	796,427
Capital Outlay	100,124	0	0	100,124
Debt Service:				
Principal Retirement	57,919	0	182,457	240,376
Interest on Capital Appreciation Bonds	0	0	920,889	920,889
Interest and Fiscal Charges	21,540	0	18,200	39,740
<i>Total Expenditures</i>	<u>11,817,153</u>	<u>2,252,798</u>	<u>3,921,756</u>	<u>17,991,707</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,501,254</u>	<u>(1,928,438)</u>	<u>(1,932,846)</u>	<u>(1,360,030)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	95,805	0	1,400,000	1,495,805
Transfers In	1,500	1,928,438	220,000	2,149,938
Transfers Out	(2,148,438)	0	(1,500)	(2,149,938)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,051,133)</u>	<u>1,928,438</u>	<u>1,618,500</u>	<u>1,495,805</u>
<i>Net Change in Fund Balances</i>	450,121	0	(314,346)	135,775
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(161,498)</u>	<u>0</u>	<u>528,361</u>	<u>366,863</u>
Increase in Reserve for Inventory				0
<i>Fund Balances End of Year</i>	<u>\$288,623</u>	<u>\$0</u>	<u>\$214,015</u>	<u>\$502,638</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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$135,775

Amounts reported for governmental activities in the Statement of Activities are different because

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

Capital Assets Additions	1,411,397	
Depreciation	(487,496)	
Total	923,901	923,901

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. (37,415)

Capital Contributions of assets that are not reported in the funds but are additions to capital assets on the entity-wide statements. 238,000

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

Intergovernmental	(5,067)	
Property Taxes	(45,004)	
Tuition and Fees	52,185	
Total	2,114	2,114

Repayment of principal and accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital Appreciation Bonds	119,111	
Accretion of Interest on Capital Appreciation Bonds	920,889	
Energy Conservation Loan	24,472	
Capital Leases	96,793	
Total	1,161,265	1,161,265

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	(13,404)	
Accretion on Capital Appreciation Bonds	(76,997)	
Total	(90,401)	(90,401)

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

Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long term liabilities on the Statement of Activities. (1,495,805)

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		(26,505)
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Changes in Net Position of Governmental Activities \$830,483

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Property Taxes	\$7,890,000	\$7,526,000	\$7,437,486	(\$88,514)
Intergovernmental	5,087,303	4,609,777	4,897,185	287,408
Interest	25	300	482	182
Tuition and Fees	1,799,923	1,730,800	1,708,697	(22,103)
Extracurricular Activities	0	0	0	0
Rent	0	0	0	0
Gifts and Donations	23,375	18,800	22,190	3,390
Charges for Services	104,152	104,000	98,567	(5,433)
Miscellaneous	40,099	44,200	48,575	4,375
<i>Total Revenues</i>	<u>14,944,877</u>	<u>14,033,877</u>	<u>14,213,182</u>	<u>179,305</u>
Expenditures				
Current:				
Instruction:				
Regular	9,538,088	6,038,531	5,729,817	308,714
Special	756,196	1,322,912	1,236,718	86,194
Vocational	3,803	3,528	19,167	(15,639)
Other	0	0	0	0
Support Services:				
Pupil	439,000	764,491	724,693	39,798
Instructional Staff	62,817	91,456	85,010	6,446
Board of Education	10,565	17,986	16,707	1,279
Administration	576,145	953,815	914,711	39,104
Fiscal	307,481	539,809	518,826	20,983
Business	1,161	2,042	5,572	(3,530)
Operation and Maintenance of Plant	921,841	1,453,157	1,454,966	(1,809)
Pupil Transportation	376,188	635,724	736,184	(100,460)
Central	254,933	272,530	251,803	20,727
Operation of Non-Instructional Services	610	1,073	997	76
Extracurricular Activities	202,165	355,612	334,440	21,172
Capital Outlay	2,643	4,650	46,381	(41,731)
Debt Service:				
Principal Retirement	810,615	1,425,885	1,324,472	101,413
Interest and Fiscal Charges	9,561	16,818	15,622	1,196
<i>Total Expenditures</i>	<u>14,273,812</u>	<u>13,900,019</u>	<u>13,416,086</u>	<u>483,933</u>
Excess of Revenues Over Expenditures	<u>671,065</u>	<u>133,858</u>	<u>797,096</u>	<u>663,238</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	0	0
Tax Anticipation Note Issued	0	1,300,000	1,300,000	0
Advances In	0	261,000	419,715	158,715
Advances Out	(57,941)	(101,920)	(94,671)	7,249
Transfers In	0	0	1,500	1,500
Transfers Out	(1,290,901)	(2,270,715)	(2,109,216)	161,499
<i>Total Other Financing Sources (Uses)</i>	<u>(1,348,842)</u>	<u>(811,635)</u>	<u>(482,672)</u>	<u>328,963</u>
<i>Net Change in Fund Balance</i>	(677,777)	(677,777)	314,424	992,201
<i>Fund Balance Beginning of Year</i>	209,007	209,007	209,007	0
Prior Year Encumbrances Appropriated	<u>238,654</u>	<u>238,654</u>	<u>238,654</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$230,116)</u>	<u>(\$230,116)</u>	<u>\$762,085</u>	<u>\$992,201</u>

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
Schoolwide Pool Fund
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
<i>Total Revenues</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Current:				
Instruction:				
Regular	1,859,679	2,163,468	2,002,372	161,096
Special	88,212	221,964	205,465	16,499
Administration	<u>8,415</u>	<u>21,174</u>	<u>19,600</u>	<u>1,574</u>
<i>Total Expenditures</i>	<u>1,956,306</u>	<u>2,406,606</u>	<u>2,227,437</u>	<u>179,169</u>
Excess of Revenues Under Expenditures	<u>(1,956,306)</u>	<u>(2,406,606)</u>	<u>(2,227,437)</u>	<u>179,169</u>
Other Financing Sources (Uses)				
Advances In	0	171,200	260	(170,940)
Advances Out	(21,694)	(21,694)	(21,694)	0
Transfers In	<u>2,000,000</u>	<u>2,278,800</u>	<u>2,223,188</u>	<u>(55,612)</u>
Total Other Financing Sources (Uses)	<u>1,978,306</u>	<u>2,428,306</u>	<u>2,201,754</u>	<u>(226,552)</u>
<i>Net Change in Fund Balance</i>	22,000	21,700	(25,683)	(47,383)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$22,000</u></u>	<u><u>\$21,700</u></u>	<u><u>(\$25,683)</u></u>	<u><u>(\$47,383)</u></u>

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District

Statement of Net Position

Fiduciary Funds

June 30, 2014

	<u>Private Purpose Trust Fund</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$2,376	\$35,907
Investments	10,029	0
<i>Total Assets</i>	<u>12,405</u>	<u><u>\$35,907</u></u>
Liabilities		
Undistributed Monies	0	\$5,549
Due to Students	0	30,358
<i>Total Liabilities</i>	<u>0</u>	<u><u>\$35,907</u></u>
Net Position		
Held in Trust for Scholarships	<u>12,405</u>	
<i>Total Net Position</i>	<u><u>\$12,405</u></u>	

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, 2014

	<u>Private Purpose Trust Fund</u>
Additions	
Contributions and Donations	\$2,000
Interest	189
	<hr/>
Total Additions	2,189
Deductions	
Scholarships Awarded	0
	<hr/>
<i>Change in Net Position</i>	2,189
<i>Net Position Beginning of Year</i>	10,216
	<hr/>
<i>Net Position End of Year</i>	<u><u>\$12,405</u></u>

See accompanying notes to the basic financial statements

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 48 noncertificated, 101 certificated teaching personnel, and 5 administrators who provide services to 1,699 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. On November 22, 2013 the Ohio Department of Education released the School District from "Fiscal Caution".

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, 2014

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Metropolitan Educational Council (MEC), the Coalition of Rural and Appalachian Schools (CORAS), and the Belmont-Harrison Vocational School District, which are jointly governed organizations, the Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program (GRP), which is defined as insurance purchasing pool, and the Jefferson Health Plan 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 19, 20, and 21 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 most 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 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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 deferred outflows of resources, and liabilities and deferred inflows of resources 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.

Schoolwide Pool Fund – The Schoolwide Pool Fund is used to account for all financial resources required to operate the elementary school. The No Child Left Behind Act of 2001 provided the authority to pool all federal, state, and local funds necessary to upgrade the instructional program of school buildings where forty percent or greater of the student are from low-income families. The fund is utilized to pay all costs associated with operating the elementary school.

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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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.

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 7). 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, 2014, but which were levied to finance fiscal year 2015 operations.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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.

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 School 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 2014, 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 2014. 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, 2014.

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 2014 amounted to \$482, which includes \$197 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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Restricted assets in the General Fund represent cash restricted for insurance premiums related to the underground storage tank. Restricted assets in the Permanent Improvement Capital Projects Fund represent cash restricted for retainage related to the elementary school improvement project.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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.

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:

Description	Estimated Lives
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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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.

The compensated absence 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 Discounts, Bond Premiums, and Bond Issuance Costs

On the government wide financial statements, bond insurance premiums, bond premiums and bond 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. On the governmental fund financial statements bond insurance premiums, bond premiums, bond discounts and bond issuance costs are recognized in the period in which the bonds are issued.

Bond issuance costs are expensed in the funds in the period the bonds are issued.

N. Interfund Activity

Transfers within government activities on the government-wide financial statements are reported in the same manner as general revenue.

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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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:

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

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).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

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. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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. The amount assigned in the General Fund represents encumbered amounts for outstanding obligations. State Statute authorizes the Board of Education to assign fund balances for purchases on order provided such amounts have been lawfully appropriated.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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 all other elements in a statement of financial position. 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.

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

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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 - RESTATEMENT OF FUND BALANCE

In prior years, the Debt Service Fund has been reported as a major fund. As of June 30, 2014, the Debt Service Fund will be presented as a non-major fund. This restatement had no effect on the total beginning fund balance for governmental funds. The prior year fund balance is presented as a reconciling item in the table below for comparability between years.

	<u>Major Fund</u>	<u>Other</u>
	<u>Debt Service</u>	<u>Governmental</u>
		<u>Funds</u>
Fund Balance June 30, 2013	\$716,397	(\$188,036)
Restatement, Fund Reclassification	<u>(716,397)</u>	<u>716,397</u>
Restated Fund Balance June 30, 2013	<u>\$0</u>	<u>\$528,361</u>

NOTE 4 - FUND DEFICIT

At June 30, 2014, the following fund had a deficit fund balance:

	<u>Deficit</u>
	<u>Fund Balance</u>
Food Service Fund	<u>\$126,869</u>

The deficit in the Food Service Special Revenue Fund was created by the application of generally accepted accounting principles. User charges in the Food Service Fund are insufficient to cover operating costs, and the General Fund advances funds to cover cash deficits in the Food Service Fund.

NOTE 5 - 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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General and Schoolwide Pool Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are 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. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transfers (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).
5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
6. Proceeds from and the principal payments on short-term note and loan obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
7. Inception of Capital Lease is a non-cash transaction which is reported on the GAAP operating statement, and not on the budgetary basis statements.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Schoolwide Pool Special Revenue Fund.

	Net Change in Fund Balance	
	General	Schoolwide Pool
	<u> </u>	<u> </u>
GAAP Basis	\$450,121	\$0
Revenue Accruals	(105,225)	(324,360)
Advances In	419,715	260
Transfers In	0	294,750
Tax Anticipation Note Proceeds	1,300,000	0
Inception of Capital Lease	(95,805)	0
Expenditure Accruals	207,434	25,361
Advances Out	(94,671)	(21,694)
Transfers Out	39,222	0
Debt Service - Principal	(1,300,000)	0
Encumbrances	<u>(506,367)</u>	<u>0</u>
Budget Basis	<u><u>\$314,424</u></u>	<u><u>(\$25,683)</u></u>

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

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

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

At June 30, 2014, the School District's General Fund had a balance of \$163,966 with Jefferson Health Plan Self-Insurance Plan, a risk sharing, claims servicing, and insurance purchasing pool (See Note 20). 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 Jefferson Health Plan 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 Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

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 \$1,498,026. Of the bank balance, \$510,029 was covered by Federal depository insurance and the remaining balance of \$987,997 was covered by pooled 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, 2014, the School District had an investment in STAR Ohio. The fair value of the STAR Ohio investment was \$19,863, and the investment has an average maturity of 51.4 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.

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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 7 - 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 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected 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, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2014 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 not levied to finance current year operations.

The amount available as an advance at June 30, 2014, was \$549,408 in the General Fund. The amount available as an advance at June 30, 2013, was \$408,263 in the General Fund and \$55,709 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, 2014

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

	2013 Second - Half Collections		2014 First - Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$360,076,780	96.90%	\$365,583,140	96.79%
Public Utility Personal	11,531,500	3.10%	12,121,290	3.21%
Total	<u>\$371,608,280</u>	<u>100.00%</u>	<u>\$377,704,430</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$33.55		\$33.55	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2014, 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 \$298,930 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:

	Amounts
Governmental Activities:	
Excess Cost Reimbursement from Other School Districts	\$239,287
Special Education Catastrophic Aid	4,709
Alternative Education Challenge Grant	16,700
IDEA - Part B Grant	170,260
Title II-A Grant	10,123
Title I Grant	81,632
Total	<u>\$522,711</u>

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 9 - INTERNAL BALANCES

A. Interfund Balances

Interfund balances at June 30, 2014, consist of the following interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>			<u>Total</u>
	<u>General Fund</u>	<u>Schoolwide Pool Fund</u>	<u>Other Nonmajor Governmental Funds</u>	
General Fund	\$0	\$334,440	\$0	\$334,440
Schoolwide Pool Fund	25,683	0	260	25,943
Other Nonmajor Governmental Funds	156,163	44,355	0	200,518
Total	\$181,846	\$378,795	\$260	\$560,901

The balance due to the Schoolwide Pool Fund from the General and Other Governmental Funds are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program. The loans made to the Schoolwide Pool Fund, Miscellaneous Federal Grants and Title I Special Revenue Funds were made to support the programs until federal and other monies are received. Additional loans made to the Other Nonmajor Governmental Funds were to cover the costs of the Food Service program due to insufficient user charges.

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2014 consisted of the following:

<u>Transfers from</u>	<u>Transfers to</u>			<u>Total</u>
	<u>General Fund</u>	<u>Schoolwide Pool Fund</u>	<u>Other Nonmajor Governmental Funds</u>	
General Fund	\$0	\$1,928,438	\$220,000	\$2,148,438
Other Nonmajor Governmental Funds	1,500	0	0	1,500
Total	\$1,500	\$1,928,438	\$220,000	\$2,149,938

Transfers from the General Fund to the Schoolwide Pool Fund were used to move receipts in accordance with the schoolwide building program. Transfers from the General Fund to Other Governmental Funds were to provide funding for Permanent Improvement Fund projects. Transfers from Other Governmental Funds to the General Fund were to provide resources to be used for student programs.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
<u>Government Activities:</u>				
Non Depreciable Assets:				
Land	\$700,855	\$0	\$0	\$700,855
Construction in Progress	290,820	0	(290,820)	0
Total Non Depreciable Assets	991,675	0	(290,820)	700,855
Depreciable Assets:				
Land Improvements	1,375,466	238,000	0	1,613,466
Buildings and Improvements	12,187,197	1,568,858	(61,300)	13,694,755
Furniture, Fixtures, and Equipment	1,829,469	91,560	(23,086)	1,897,943
Vehicles	1,025,679	41,799	(145,459)	922,019
Total Depreciable Capital Assets	16,417,811	1,940,217	(229,845)	18,128,183
Less Accumulated Depreciation:				
Land Improvements	(119,170)	(67,598)	0	(186,768)
Buildings and Improvements	(6,387,746)	(281,710)	30,286	(6,639,170)
Furniture, Fixtures, and Equipment	(1,184,851)	(90,651)	16,685	(1,258,817)
Vehicles	(828,283)	(47,537)	145,459	(730,361)
Total	(8,520,050)	(487,496)	192,430	(8,815,116)
Depreciable Capital Assets, Net	7,897,761	1,452,721	(37,415)	9,313,067
Governmental Activities Capital Assets, Net	\$8,889,436	\$1,452,721	(\$328,235)	\$10,013,922

During fiscal year 2014, the School District received capital contributions in the amount of \$238,000 from community donations for the elementary school playground.

Depreciation Expense was charged to governmental functions as follows:

Instruction:	
Regular	\$183,133
Special	37,344
Vocational	2,817
Support Services:	
Pupils	8,451
Instructional Staff	23,665
Board of Education	2,817
Administration	23,242
Fiscal	5,634
Operation and Maintenance of Plant	120,110
Pupil Transportation	48,669
Central	1,816
Food Service Operations	18,570
Operation of Non-Instructional Services	1,881
Extracurricular Activities	9,347
Total	\$487,496

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 11 - 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 2014, 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 Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to members that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the GRP.

The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing and insurance purchasing 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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

The claims liability of \$5,355 reported in the General Fund at June 30, 2014, 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.

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>
2013	\$5,827	\$66,629	\$67,489	\$4,967
2014	4,967	74,768	74,380	5,355

NOTE 12 - 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. All employees are offered medical/surgical and prescription drug insurance coverage through the Health Plan of the Upper Ohio Valley.

The monthly premium is \$1,412.62 for a family plan and \$600.36 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 \$3.14 for this coverage.

C. Retirement Incentive

For fiscal year 2014, 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, 2014, will have 30 years of service, and who, by April 15, 2014, submitted a letter of retirement to the Board, through the Treasurer, to be effective June 30, 2014. At June 30, 2014, there was a \$10,000 liability for this benefit.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 13 - 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.

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, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 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, 2014, 2013, and 2012 \$198,570, \$199,244, and \$200,942 respectively; 100 percent has been contributed for fiscal years 2014, 2013, and 2012.

B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement 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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 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.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$751,498 and \$21,821 for the fiscal year ended June 30, 2014, \$765,632 and \$14,806 for the fiscal year ended June 30, 2013, and \$778,743 and \$14,353 for the fiscal year ended June 30, 2012. For fiscal year 2014, 77.2 percent has been contributed for the DB plan and 77.2 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 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2014 were \$25,701 made by the School District and \$20,194 made by the plan members. In addition, member contributions of \$17,145 were made for fiscal year 2014 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, 2014, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 14 - 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 administrated 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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$24,480 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, 2014, 2013, and 2012 were \$2,130, \$2,443, and \$8,702 respectively; 100 percent has been contributed for fiscal years 2014, 2013, and 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 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012, were \$11,564, \$11,298, and \$11,687 respectively; 100 percent has been contributed for fiscal years 2014, 2013, and 2012.

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 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$58,748, \$60,753, and \$65,591 respectively. For fiscal year 2014, 77.2 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 15 - COMMITMENTS

A. Construction Commitments

During fiscal year 2013, the School District entered into an agreement with Hicks Roofing Inc. for completion of a roof replacement project as part of the Elementary School Building Project. During fiscal year 2014, the School District entered into an agreement with Bedway Development Corp. for doors and windows security upgrades. As of June 30, 2014 the School District had the following contractual commitments:

<u>Contractor</u>	<u>Purchase Commitment</u>	<u>Amount Paid as of 6/30/14</u>	<u>Amount Remaining on Contract</u>
Hicks Roofing, Inc.	\$649,238	\$649,238	\$0
Bedway Development Corp.	919,620	854,102	65,518
Total	<u>\$1,568,858</u>	<u>\$1,503,340</u>	<u>\$65,518</u>

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$506,367
Other Non-major Governmental Funds	<u>89,739</u>
Total	<u>\$596,106</u>

NOTE 16 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2014, the School District entered into a capital lease to finance improvements to the elementary school. The lease agreement is through WesBanco Bank, Inc. During fiscal year 2014, and in prior fiscal years, the School District has entered into capitalized leases for wireless network equipment, copying equipment, and a vehicle. Capital lease payments are reflected as debt service expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the governmental funds.

The assets acquired by the leases have been capitalized in government wide statements governmental activities in the amount of \$1,649,312, 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 \$1,557,723. Principal payments in fiscal year 2014 totaled \$96,793, in the governmental funds.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Future minimum lease payments through fiscal year 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$161,554	\$48,548
2016	163,955	42,907
2017	163,571	36,661
2018	160,919	30,782
2019	157,793	28,909
2020-2024	688,795	71,317
Totals	<u>\$1,496,587</u>	<u>\$259,124</u>

NOTE 17 - TAX ANTICIPATION NOTE

On December 2, 2013, the School District issued a \$1,300,000 tax anticipation note for operations. The note was issued with a two percent interest rate. The note was issued in anticipation of tax receipts and was backed by the full faith and credit of the School District. The note was fully repaid on May 9, 2014.

NOTE 18 - LONG TERM OBLIGATIONS

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

	<u>Outstanding</u>			<u>Outstanding</u>	<u>Amounts</u>
	<u>6/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/14</u>	<u>Due Within</u>
					<u>One Year</u>
<u>Governmental Activities:</u>					
2002 School Improvement and Construction					
General Obligation Bonds - \$7,944,111					
Premium - \$483,132	\$19,554	\$0	\$19,554	\$0	\$0
Capital Appreciation Bond - \$119,111 @ 4.77%	119,111	0	119,111	0	0
Accretion of Interest - \$920,889 @ 19.6%	843,892	76,997	920,889	0	0
Total General Obligation Bonds	982,557	76,997	1,059,554	0	0
2005 Energy Conservation					
Loan - \$325,000 @ 4.05-6.00%	143,565	0	24,472	119,093	23,763
Capital Leases	97,575	1,495,805	96,793	1,496,587	161,554
Compensated Absences Payable	639,970	127,212	100,707	666,475	79,020
Total Governmental Activities	<u>\$1,863,667</u>	<u>\$1,700,014</u>	<u>\$1,281,526</u>	<u>\$2,282,155</u>	<u>\$264,337</u>

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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 premiums and discounts were amortized over the life of the issue. The bond issue consisted of serial bonds and capital appreciation bonds. The serial bonds were issued for an eleven year period, and were fully retired in fiscal year 2013. The general obligation bonds were retired with the proceeds of a 2.94 mill property tax levy approved in May 2001. The principal and interest payments were recorded in the Debt Service Fund. The bonds were not subject to redemption prior to stated maturity.

The capital appreciation bonds were sold at a discount of \$920,889, which was being accreted annually until the point of maturity of the capital appreciation bonds, which was December 1, 2013. The full maturity value of the bonds was \$1,040,000, including total accretion of \$920,889, was retired in fiscal year 2014.

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
2015	\$23,763	\$8,037	\$31,800
2016	25,188	6,612	31,800
2017	26,700	5,100	31,800
2018	28,302	3,498	31,800
2019	15,140	1,800	16,940
	<u>\$119,093</u>	<u>\$25,047</u>	<u>\$144,140</u>

The overall debt margin of the School District as of June 30, 2014 was \$34,071,064 with an unvoted debt margin of \$377,704.

Capital leases will be paid from the General Fund and the Permanent Improvement Fund. Compensated absences will be paid from the General Fund.

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) – 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.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board.

The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2014, the total amount paid to OME-RESA from the School District was \$788 for cooperative gas purchasing service administrative fees, \$18,633 for technology services and \$31,864 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.

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a consortium of school districts and related agencies in Ohio. The organization is composed of over 187 members. The governing board is comprised of either the superintendent or his designated representative from each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2014 was \$272. Financial information may be obtained from the Metropolitan Educational Council, at 6100 Channingway Blvd., Suite 604, Columbus, Ohio 43232.

Coalition of Rural and Appalachian Schools (CORAS) – The Coalition of Rural and Appalachian Schools is a jointly governed organization including 136 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 Coalition 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 Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2014.

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 2014, the School District made no contributions to the Belmont-Harrison 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 20 - PUBLIC ENTITY POOLS

A. Insurance Purchasing Pools

Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Retrospective Rating Program (GRRP) – The School District participates in the Better Business Bureau of Central Ohio Incorporated Workers' Compensation Group Rating Program, a group retrospective rating plan for workers' compensation as established under Rule Section 4123-17-73 of the Ohio Administrative Code.

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

The GRRP is an insurance purchasing pool established through the Better Business Bureau of Ohio, Incorporated. The Program's business and affairs are conducted by the President and CEO of the Better Business Bureau. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the program. The School District's enrollment fee of \$1,400 for policy year 2014 was paid to Sheakley UniService, Inc.

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

The Jefferson Health Plan Self-Insurance Plan – The School District participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, 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 School District only participates in the pool for dental insurance. 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 21 - 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 22 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

B. Litigation

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

St. Clairsville-Richland City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 23 - 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.

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, 2013	\$0
Current Year Set-aside Requirement	275,311
Current Year Qualifying Expenditures	(180,951)
Current Year Qualifying Transfers	<u>(120,000)</u>
Totals	<u>(\$25,640)</u>
Balance Carried Forward to Fiscal Year 2015	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2014	<u>\$0</u>

The School District had qualifying transfers and disbursements during the fiscal year that reduced the set-aside amount for capital improvements to below zero that may not be carried forward to future years. The School District also has prior year capital expenditures paid from debt proceeds in connection with a school facilities project and an energy conservation project that may be carried forward to offset future set-aside requirements.

NOTE 24 - SUBSEQUENT EVENTS

A. Labor Agreement

On July 16, 2014, the Board of Education approved a contract with the classified staff, represented by the Ohio Association of Public School Employees (OAPSE). The contract is effective from August 1, 2014 through July 31, 2017.

B. Fund Balance Transfers

On September 17, 2014, the Board of Education approved a resolution to transfer the remaining cash balances of the New Facility Capital Projects Fund, and the Debt Service Fund, which were \$25,168 and \$77,335 respectively, to the Permanent Improvement Capital Projects Fund.

C. Grants

For fiscal year 2015, the School District is part of a twenty-seven member consortium, led by Noble Local School District, that has been awarded Straight A grant funding from the Ohio Department of Education. The project aims to save money for the participating school districts by creating a shared services transportation consortium. The project has been awarded \$1,763,900, and has total projected cost savings of \$3,988,138.

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

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2013/2014	10.555	\$21,402	\$21,402
Cash Assistance:				
School Breakfast Program	2013/2014	10.553	81,545	81,545
National School Lunch Program	2013/2014	10.555	152,029	152,029
Cash Assistance Subtotal			<u>233,574</u>	<u>233,574</u>
Total Child Nutrition Cluster			<u>254,976</u>	<u>254,976</u>
State Administrative Expenses for Child Nutrition	2013	10.560	<u>7,000</u>	<u>2,440</u>
Total U.S. Department of Agriculture			261,976	257,416
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2013 2014	84.010	59,071 <u>246,700</u>	58,929 <u>267,592</u>
Title I Grants to Local Educational Agencies Subtotal			305,771	326,521
<i>Passed through East Central Ohio Educational Service Center:</i>				
Title I, Part D - Delinquent	2014	84.010	<u>162,621</u>	<u>162,621</u>
Total Title I Grants to Local Educational Agencies			468,392	489,142
Special Education Cluster (IDEA):				
Special Education, Grants to States (IDEA, Part B)	2013 2014	84.027	46,829 <u>268,177</u>	40,391 <u>308,777</u>
Total Special Education, Grants to States (IDEA, Part B)			315,006	349,168
<i>Passed through East Central Ohio Educational Service Center:</i>				
Special Education - Preschool Grants (IDEA Preschool)	2014	84.173	<u>9,120</u>	<u>9,120</u>
Total Special Education Cluster (IDEA)			324,126	358,288
Improving Teacher Quality State Grants	2013 2014	84.367	13,918 <u>65,348</u>	13,418 <u>65,088</u>
Total Improving Teacher Quality State Grants			79,266	78,506
Total U.S. Department of Education			<u>871,784</u>	<u>925,936</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,133,760</u>	<u>\$1,183,352</u>

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

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (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.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 23, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the 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, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

February 23, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

February 23, 2015

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

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control 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 weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under Section .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Child Nutrition Cluster, CFDA #10.553 and #10.555 • Special Education Cluster, CFDA #84.027 and #84.173 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	7 CFR Section 245.6(c)(1), (4), and (5)(i) Eligibility – Nutrition Cluster: Documentation was not properly on file for students who were receiving free or reduced meal benefits.	Yes	N/A.
2013-002	34 CFR Section 80.21(c): Cash Management - Special Education Cluster (IDEA): Drawdowns were not spent within the period of time for which the cash was requested.	Yes	N/A.



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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
MARCH 10, 2015**