



**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying financial statements of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the School District prepares and files its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments and combined fund cash balances of the Belpre City School District, Washington County, as of June 30, 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2001, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

This report is intended solely for the information and use of the audit committee, management, the Board of Education, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 21, 2001

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH, INVESTMENTS AND
FUND CASH BALANCES
ALL FUND TYPES
AS OF JUNE 30, 2001**

Cash	\$ 1,378,913
Investments	
StarOhio	1,426,749
Certificates of Deposit	<u>14,682</u>
Total	<u><u>\$ 2,820,344</u></u>

CASH BALANCES BY FUND TYPE

Governmental Funds:	
General Fund	\$ 2,460,956
Special Revenue Funds	231,073
Debt Service Fund	
Capital Projects Funds	50,593
Proprietary Fund:	
Enterprise Funds	40,373
Fiduciary Funds:	
Nonexpendable Trust Fund	10,007
Agency Funds	<u>27,342</u>
Total	<u><u>\$ 2,820,344</u></u>

The notes to the financial statements are an integral part of this statement.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
RECEIPTS:					
Receipts from Local Sources:					
Taxes	\$ 5,809,573	\$	\$ 25,180	\$	\$ 5,834,753
Tuition	22,009				22,009
Earnings on Investment	122,892				122,892
Extracurricular Activities		71,492			71,492
Classroom Material & Fees	16,757				16,757
Miscellaneous	17,269	41,105			58,374
Receipts from State Sources:					
Unrestricted Grants-In-Aid	2,305,493	28,257			2,333,750
Restricted Grants-In-Aid	17,648	190,172		99,000	306,820
Receipts from Federal Sources:					
Restricted Grants-In-Aid		455,296			455,296
Total Receipts	<u>8,311,641</u>	<u>786,322</u>	<u>25,180</u>	<u>99,000</u>	<u>9,222,143</u>
DISBURSEMENTS:					
Instruction:					
Regular	3,495,331	161,465		72,797	3,729,593
Special	397,593	391,591			789,184
Vocational Education	73,913				73,913
Other Instruction	129,317				129,317
Supporting Services:					
Pupils	534,458	29,042			563,500
Instructional Staff	161,177	49,642			210,819
Board of Education	46,377				46,377
Administration	807,480	15,099			822,579
Fiscal Services	364,709				364,709
Operation and Maintenance - Plant	632,927	10,485			643,412
Pupil Transportation	338,270	122			338,392
Extracurricular Activities:					
Academic and Subject Oriented Activities	16,785				16,785
Sports Oriented	92,863	72,116			164,979
Co-Curricular Activities	7,176	12,000			19,176
Facilities Acquisition and Construction Services:					
Site Improvement	57,995				57,995
Debt Service:					
Repayment of Debt			25,180		25,180
Total Disbursements	<u>7,156,371</u>	<u>741,562</u>	<u>25,180</u>	<u>72,797</u>	<u>7,995,910</u>
Excess of Receipts Over/(Under) Disbursements	<u>1,155,270</u>	<u>44,760</u>	<u>0</u>	<u>26,203</u>	<u>1,226,233</u>
OTHER FINANCING SOURCES/(USES):					
Transfers-In		2,204			2,204
Advances-In	14,913	44,521			59,434
Refund of Prior Year Expenditures	35,424				35,424
Transfers-Out	(2,204)				(2,204)
Advances-Out	(48,521)	(10,913)			(59,434)
Total Other Financing Sources/(Uses)	<u>(388)</u>	<u>35,812</u>	<u>0</u>	<u>0</u>	<u>35,424</u>
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing (Uses)	1,154,882	80,572	0	26,203	1,261,657
Fund Cash Balances, July 1	<u>1,306,074</u>	<u>150,501</u>		<u>24,390</u>	<u>1,480,965</u>
Fund Cash Balances, June 30	<u>\$ 2,460,956</u>	<u>\$ 231,073</u>	<u>\$ 0</u>	<u>\$ 50,593</u>	<u>\$ 2,742,622</u>

The notes to the financial statements are an integral part of this statement.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Agency</u>	
OPERATING RECEIPTS:				
Earnings on Investments	\$	\$ 1,350	\$	\$ 1,350
Food Service	104,799			104,799
Extracurricular Activities			35,424	35,424
Classroom Materials and Fees	18,193			18,193
Total Operating Receipts	<u>122,992</u>	<u>1,350</u>	<u>35,424</u>	<u>159,766</u>
OPERATING DISBURSEMENTS:				
Personal Services - Salaries	59,365			59,365
Employees' Retirement and Insurance	21,707			21,707
Purchased Services	3,474		10,556	14,030
Supplies and Materials	100,996		17,212	118,208
Capital Outlay		2,025		2,025
Other			1,924	1,924
Total Operating Disbursements	<u>185,542</u>	<u>2,025</u>	<u>29,692</u>	<u>217,259</u>
Operating Income/(Loss)	<u>(62,550)</u>	<u>(675)</u>	<u>5,732</u>	<u>(57,493)</u>
NONOPERATING RECEIPTS/(DISBURSEMENTS):				
Earnings on Investments	695			695
Miscellaneous	7,564			7,564
State On Behalf of School District	3,922			3,922
Federal Unrestricted Grants-In-Aid	65,958			65,958
Total Nonoperating Receipts/(Disbursements)	<u>78,139</u>	<u>0</u>	<u>0</u>	<u>78,139</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Advances	<u>15,589</u>	<u>(675)</u>	<u>5,732</u>	<u>20,646</u>
Advances-In	4,000			4,000
Advances-Out	(4,000)			(4,000)
Net Income/(Loss)	15,589	(675)	5,732	20,646
Fund Cash Balances, July 1	<u>24,784</u>	<u>10,682</u>	<u>21,610</u>	<u>57,076</u>
Fund Cash Balances, June 30	<u>\$ 40,373</u>	<u>\$ 10,007</u>	<u>\$ 27,342</u>	<u>\$ 77,722</u>

The notes to the financial statements are an integral part of this statement.

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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
ALL BUDGETED FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$ 7,993,158	\$ 8,361,978	\$ 368,820
Special Revenue	815,088	833,047	17,959
Debt Service	25,180	25,180	0
Capital Projects	99,000	99,000	0
Proprietary			
Enterprise	205,131	205,131	0
Fiduciary			
Nonexpendable Trust	1,350	1,350	0
Agency	<u>35,424</u>	<u>35,424</u>	<u>0</u>
Totals (Memorandum Only)	<u>\$ 9,174,331</u>	<u>\$ 9,561,110</u>	<u>\$ 386,779</u>

The notes to the financial statements are an integral part of this statement.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
COMPARED WITH EXPENDITURE AUTHORITY
ALL BUDGETED FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Appropriations</u>	<u>Total</u>
Governmental			
General	\$ 119,538	\$ 7,461,997	\$ 7,581,535
Special Revenue	22,648	913,771	936,419
Debt Service		25,180	25,180
Capital Projects	1,684	111,706	113,390
Proprietary			
Enterprise	138	210,320	210,458
Fiduciary			
Nonexpendable Trust	2,025	3,600	5,625
Agency	814	42,000	42,814
Totals (Memorandum Only)	<u>\$ 146,847</u>	<u>\$ 8,768,574</u>	<u>\$ 8,915,421</u>

The notes to the financial statements are an integral part of this statement.

<u>Disbursements</u>	<u>Encumbrances Outstanding 6/30/01</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 7,207,096	\$ 295,210	\$ 7,502,306	\$ 79,229
752,475	29,843	782,318	154,101
25,180		25,180	0
72,797	19,275	92,072	21,318
189,542	331	189,873	20,585
2,025		2,025	3,600
<u>29,692</u>	<u>2,012</u>	<u>31,704</u>	<u>11,110</u>
<u>\$ 8,278,807</u>	<u>\$ 346,671</u>	<u>\$ 8,625,478</u>	<u>\$ 289,943</u>

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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. DESCRIPTION OF THE ENTITY

Belpre City School District, Washington County (the School District), is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines. The Board controls the School District's four instructional/support facilities staffed by 54 classified employees, 95 certified teaching personnel, and 7 administrators, who provide services to 1,281 students and other community members.

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

The School District is associated with the Southeastern Ohio Voluntary Educational Consortium, the Coalition of Rural and Appalachian Schools and the Washington County Joint Vocational School District, which are defined as jointly governed organizations, and the Ohio School Boards Association Worker's Compensation Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 9 and 10.

The following entity performs activities within the School District's boundaries for the benefit of its residents. The activities of this entity are excluded from the accompanying financial statements because the School District is not financially accountable for this entity nor is it fiscally dependent on the School District:

- Washington County Educational Service Center

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to file its annual financial report pursuant with accounting principles generally accepted in the United States of America, the School District chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

B. Pooled Cash and Investments

The School District Treasurer invests all available funds of the School District in interest-bearing checking accounts.

The School District also has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Pooled Cash and Investments (Continued)

STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings.

C. Fund Accounting

The School District maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements.

The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of fund are as follows:

1. Governmental Fund Types:

General Fund

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

Special Revenue Funds

The Special Revenue Funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

1. Governmental Fund Types (Continued):

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

2. Proprietary Fund Type:

Enterprise Funds

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

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include a nonexpendable trust fund and agency funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial and thus do not involve measurement of results of operations.

D. Budgetary Process

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the subsequent July 1 to June 30 fiscal year.

2. Estimated Resources

The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources (Continued)

Prior to June 30, the School District must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 2001, unencumbered fund balances. However, those fund balances are available for appropriations

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

The School District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

E. Property, Plant and Equipment

Fixed assets acquired or constructed for the School District are recorded as disbursements. Depreciation is not recorded for these fixed assets.

F. Accumulated Unpaid Vacation and Sick Leave

Accumulated unpaid vacation and sick leave are not accrued under the cash basis of accounting described in Note 2A. At June 30, 2001, management estimates that \$55,933 in vacation leave and \$3,073,297 in sick leave has been accumulated by the employees of the School District. All leave will either be absorbed by time off from work or, within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of June 30, 2001.

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS

The School District maintains a cash and investment pool which is used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash, Investments and Fund Cash Balances" as "Cash Balances by Fund Type."

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

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

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

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

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

- A. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- C. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- D. Bonds and other obligations of the State of Ohio;
- E. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

- F. The State Treasurer's investment pool (STAROhio);
- G. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- H. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Cash on Hand - At fiscal year end, the School District had \$270 in undeposited cash on hand.

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$1,393,326 and the bank balance was \$1,476,848. Of the bank balance, \$114,682 was covered by federal deposit insurance, and \$1,362,166 was collateralized by securities held by a third party bank in the School District's name.

Investments - Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001. The School District's investment in the STAROhio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

<u>Investment:</u>	<u>Carrying Value</u>	<u>Market Value</u>
STAROhio	<u>\$1,426,749</u>	<u>\$1,426,749</u>

4. PROPERTY TAXES

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

4. PROPERTY TAXES (Continued)

The full tax rate applied to real property for fiscal year ended June 30, 2001, was \$31 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$31 per \$1,000 of assessed valuation for real property classified as residential/agricultural and was \$31 and per \$1,000 of assessed valuation for all other real property.

Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the School District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for fiscal year 2001 was \$31 per \$1,000 of assessed valuation.

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$ 97,592,210	53.20%	\$ 98,936,030	45.68%
Public Utility Personal Tangible Personal Property	9,106,600	4.96%	8,957,480	4.14%
	76,738,590	41.84%	108,684,890	50.18%
Total	\$ 183,437,400	100.00%	\$ 216,578,400	100.00%
 Tax rate per \$1,000 of assessed valuation	 \$31.00		 \$31.00	

The Washington County Treasurer collects property tax on behalf of all taxing districts within their respective County. The Washington County Auditor periodically remits to the taxing districts their portion of the taxes collected.

5. 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 ending June 30, 2001 the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$500 and \$1,000 deductible, respectively.

Professional and general liability is protected by the Nationwide Insurance Company with a \$1,000,000 single occurrence limit with \$5,000,000 aggregate and no deductible. Property damage is on a replacement cost basis for a blanket amount of \$17,597,300 on buildings and contents. Vehicles are covered by Nationwide Insurance Company and holds no deductible for comprehensive and a \$100 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 salaries. This rate is calculated based on accident history and administrative costs.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were, \$24,576, \$56,501, and \$82,932, respectively; 43.02 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$397,017, \$235,101, and \$242,527, respectively; 84.16 percent has been contributed for fiscal year 2001, and 100 percent has been contributed for fiscal years 2000, and 1999.

7. POST EMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS).

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

7. POST EMPLOYMENT BENEFITS (Continued)

Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$188,060 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3,419 million. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.3 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during 2001 fiscal year equaled \$75,483.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

8. EMPLOYEE BENEFITS

A. Other Employee Benefits

The School District provides health and major insurance for all eligible employees through Anthem Blue Cross/ Blue Shield Insurance Company. The School District pays monthly premiums of up to \$602.78 for family and up to \$217.87 for individual for Point of Service coverage and up to \$617.14 for family and \$223.08 for individual for Preferred Provider Organizations coverage. Premiums are paid from the same funds that pay the employees' salaries.

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

Dental coverage is provided through Core Source, Inc. Premiums for this coverage are \$33.81 monthly for family and individual coverage. The School District also provides vision insurance to its employees through Vision Service Plan. The monthly premium for this coverage is \$11.82 for family and individual coverage.

B. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

9. JOINTLY GOVERNED ORGANIZATIONS

A. Southeastern Ohio Voluntary Educational Consortium (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC's governing board is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information write to the Southeastern Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

B. The Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each County elected by the school districts within that County.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

9. JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. The Coalition of Rural and Appalachian Schools (Continued)

The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition.

C. Washington County Joint Vocational School District

The Washington County Joint 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 six participating school districts' elected boards and one representative from the Washington County Educational Service Center's board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Joint Vocational School District, Mary Bee, Treasurer, Route 2, Marietta, Ohio 45750.

10. INSURANCE PURCHASING POOL

Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan

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

11. STATUTORY RESERVES

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

11. STATUTORY RESERVES (Continued)

	Textbook	Capital Acquisition	Budget Stabilization	Total
Set-aside Reserve Balance as of June 30, 2000	\$ 43,101	\$ 152,675	\$ 124,574	\$ 320,350
Current Year Set-aside Requirement	181,923	181,923	1,398	365,244
Qualifying Disbursements	<u>(166,079)</u>	<u>(209,610)</u>	<u>0</u>	<u>(375,689)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	58,945	124,988	125,972	309,905
Additional Contributions as Determined by Board of Education	0	0	80,937	80,937
Transferred to ORC 5705.13(A) Reserve	<u>0</u>	<u>0</u>	<u>(206,909)</u>	<u>(206,909)</u>
Set-aside Reserve Balance as of June 30, 2001	<u>\$ 58,945</u>	<u>\$ 124,988</u>	<u>\$ 0</u>	<u>\$ 183,933</u>

Senate Bill 345 eliminated the Budget Stabilization Reserve. The Board of Education decided to make additional contributions to the Reserve during fiscal year 2001 from unrestricted General Fund monies. The current year set-aside requirement for the Reserve is from a Bureau of Workers' Compensation refund received prior to April 10, 2001.

12. SCHOOL FUNDING COURT DECISION

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of August 21, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

13. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2001.

B. Litigation

The School District is currently a defendant of a matter in litigation. The ultimate outcome of this matter is presently undeterminable.

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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Pass-Through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	\$	\$ 11,953	\$	\$ 9,578
National School Lunch Program	10.555	LL-P1-00	7,130		7,130	
		LL-P4-00	2,249		2,249	
		LL-P1-01	43,155		43,155	
		LL-P4-01	13,423		13,423	
Total National School Lunch Program			<u>65,957</u>	<u>0</u>	<u>65,957</u>	<u>0</u>
Total Nutrition Cluster			<u>65,957</u>	<u>11,953</u>	<u>65,957</u>	<u>9,578</u>
Total United States Department of Agriculture			65,957	11,953	65,957	9,578
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Pass-Through State Department of Education</i>						
Title I Grants to Local Educational Agencies	84.010	C1-S1-00	49,002		60,596	
		C1-S1-00C			14,611	
		C1-S1-01	194,094		156,359	
Total Title I Grants to Local Educational Agencies			<u>243,096</u>	<u>0</u>	<u>231,566</u>	<u>0</u>
Special Education - Grants to States	84.027	6B-SF-99P	9,204		13,626	
		6B-SF-00P	53,999		53,952	
Total Special Education - Grants to States			<u>63,203</u>	<u>0</u>	<u>67,578</u>	<u>0</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	DR-S1-00	590		2,074	
		DR-S1-01	5,501		3,687	
Total Safe and Drug-Free Schools and Communities - State Grants			<u>6,091</u>	<u>0</u>	<u>5,761</u>	<u>0</u>
Eisenhower Professional Development State Grants	84.281	MS-S1-99C			2,905	
		MS-S1-00	461		2,971	
		MS-S1-01	6,865		1,719	
Total Eisenhower Professional Development State Grants			<u>7,326</u>	<u>0</u>	<u>7,595</u>	<u>0</u>
Innovative Education Program Strategies	84.298	C2-S1-01	6,565		4,129	
Class Size Reduction	84.340	CR-S1-00	4,341		5,066	
		CR-S1-01	34,195		31,741	
Total Class Size Reduction			<u>38,536</u>	<u>0</u>	<u>36,807</u>	<u>0</u>
<i>Pass-Through the Washington County Educational Service Center</i>						
Goals 2000 - State and Local Systemic Improvement Grant	84.276		1,500		1,500	
Total United States Department of Education			<u>366,317</u>	<u>0</u>	<u>354,936</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 432,274</u>	<u>\$ 11,953</u>	<u>\$ 420,893</u>	<u>\$ 9,578</u>

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. As of June 30, 2001, the School District had no significant food commodities in inventory.



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JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

We have audited the financial statements of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated August 21, 2001, wherein we noted that the School District had not adopted accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2001-11084-001. We noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated August 21, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated August 21, 2001.

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

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

Jim Petro
Auditor of State

August 21, 2001



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

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

To the Board of Education:

Compliance

We have audited the compliance of the Belpre City School District, Washington County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over compliance and its operation that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated August 21, 2001.

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

Jim Petro
Auditor of State

August 21, 2001

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

Finding Number 2001-11084-001

Noncompliance Citation

Ohio Admin. Code Section 117-2-03(B) requires the School District to file its annual financial report pursuant to accounting principles generally accepted in the United States of America.

The School District prepared its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other legal administrative remedies may be taken against the School District.

We recommend the School District take the necessary steps to ensure that the annual financial report is prepared on a generally accepted accounting principles basis.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
2000-11084-001	A noncompliance citation was issued under former Ohio Admin. Code Section 117-2-01, for failing to prepare the School District's financial statements in accordance with generally accepted accounting principles.	No	Not Corrected: The School District's officials did not believe that preparing financial statements in accordance with generally accepted accounting principles was cost beneficial.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
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800-282-0370
Facsimile 614-466-4490

BELPRE CITY SCHOOL DISTRICT

WASHINGTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 4, 2001**