



**Auditor of State  
Betty Montgomery**



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Belpre City School District, Washington County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2003, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Federal Awards 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 general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 13, 2003

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Belpre City School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,853,895	\$128,054	\$493,858
Cash and Cash Equivalents in Segregated Accounts	0	736	0
Investments	0	0	0
Receivables:			
Taxes	5,989,172	0	0
Accounts	63,315	0	0
Intergovernmental	2,312	88,667	0
Interfund	1,090	0	0
Prepaid Items	822	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	20,608	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	463,979	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
 <u>Other Debit:</u>			
Amount to be Provided from General Government Resources	0	0	0
 Total Assets and Other Debits	 \$9,395,193	 \$217,457	 \$493,858



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$82,141	\$32,115	\$0	\$0	\$3,590,063
0	0	0	0	736
0	5,000	0	0	5,000
0	0	0	0	5,989,172
0	0	0	0	63,315
0	0	0	0	90,979
0	0	0	0	1,090
0	0	0	0	822
2,998	0	0	0	2,998
1,267	0	0	0	21,875
0	0	0	0	463,979
91,298	0	8,133,829	0	8,225,127
0	0	0	997,291	997,291
<u>\$177,704</u>	<u>\$37,115</u>	<u>\$8,133,829</u>	<u>\$997,291</u>	<u>\$19,452,447</u>

(continued)

Belpre City School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups (Continued)  
 June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$36,532	\$2,814	\$0
Contracts Payable	22,950	0	133,163
Retainage Payable	0	0	12,825
Accrued Wages Benefits Payable	938,464	112,764	0
Compensated Absences Payable	45,228	0	0
Interfund Payable	0	1,090	0
Intergovernmental Payable	188,145	17,748	0
Deferred Revenue	5,959,454	8,237	0
Due to Students	0	0	0
Energy Conservation Loan Payable	0	0	0
	<u>7,190,773</u>	<u>142,653</u>	<u>145,988</u>
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Retained Earnings	0	0	0
<u>Fund Balance:</u>			
Reserved for Encumbrances	19,041	16,609	169,493
Reserved for Inventory	20,608	0	0
Reserved for Contributions	0	0	0
Reserved for Unclaimed Monies	1,790	0	0
Reserved for School Bus Purchases	100,611	0	0
Reserved for Property Taxes	80,124	0	0
Reserved for Textbooks	64,286	0	0
Reserved for Budget Stabilization	299,082	0	0
<u>Unreserved:</u>			
Undesignated	1,618,878	58,195	178,377
	<u>2,204,420</u>	<u>74,804</u>	<u>347,870</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$9,395,193</u>	<u>\$217,457</u>	<u>\$493,858</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$175	\$0	\$0	\$0	\$39,521
0	0	0	0	156,113
0	0	0	0	12,825
24,416	0	0	0	1,075,644
7,551	0	0	627,600	680,379
0	0	0	0	1,090
16,569	0	0	92,891	315,353
0	0	0	0	5,967,691
0	30,000	0	0	30,000
0	0	0	276,800	276,800
<u>48,711</u>	<u>30,000</u>	<u>0</u>	<u>997,291</u>	<u>8,555,416</u>
0	0	8,133,829	0	8,133,829
128,993	0	0	0	128,993
0	0	0	0	205,143
0	0	0	0	20,608
0	5,000	0	0	5,000
0	0	0	0	1,790
0	0	0	0	100,611
0	0	0	0	80,124
0	0	0	0	64,286
0	0	0	0	299,082
0	2,115	0	0	1,857,565
<u>128,993</u>	<u>7,115</u>	<u>8,133,829</u>	<u>0</u>	<u>10,897,031</u>
<u>\$177,704</u>	<u>\$37,115</u>	<u>\$8,133,829</u>	<u>\$997,291</u>	<u>\$19,452,447</u>

Belpre City School District, Ohio  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2003

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<u>Revenues:</u>				
Taxes	\$5,574,151	\$0	\$0	\$5,574,151
Intergovernmental	2,643,701	660,582	19,636	3,323,919
Interest	108,723	0	0	108,723
Tuition and Fees	14,596	0	0	14,596
Extracurricular Activities	0	104,582	0	104,582
Miscellaneous	36,256	14,936	0	51,192
<b>Total Revenues</b>	<b>8,377,427</b>	<b>780,100</b>	<b>19,636</b>	<b>9,177,163</b>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,888,284	141,136	0	4,029,420
Special	674,540	504,830	0	1,179,370
Vocational	116,567	0	0	116,567
Adult/Continuing	0	3,020	0	3,020
Other	108,051	0	0	108,051
Support Services:				
Pupils	712,946	41,491	0	754,437
Instructional Staff	164,013	46,687	0	210,700
Board of Education	44,949	0	0	44,949
Administration	860,773	0	0	860,773
Fiscal	313,292	0	0	313,292
Business	2,449	0	0	2,449
Operation and Maintenance of Plant	842,031	16,189	0	858,220
Pupil Transportation	310,428	0	0	310,428
Central	0	10,319	0	10,319
Extracurricular Activities	129,341	75,587	0	204,928
Capital Outlay	55,075	234	220,392	275,701
Debt Service:				
Principal	1,526	0	69,200	70,726
Interest and Fiscal Charges	70	0	13,232	13,302
<b>Total Expenditures</b>	<b>8,224,335</b>	<b>839,493</b>	<b>302,824</b>	<b>9,366,652</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>153,092</b>	<b>(59,393)</b>	<b>(283,188)</b>	<b>(189,489)</b>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	0	7,904	60,500	68,404
Operating Transfers Out	(61,983)	(6,421)	0	(68,404)
<b>Total Other Financing Sources (Uses)</b>	<b>(61,983)</b>	<b>1,483</b>	<b>60,500</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>91,109</b>	<b>(57,910)</b>	<b>(222,688)</b>	<b>(189,489)</b>
<b>Fund Balances at Beginning of Year</b>	<b>2,115,890</b>	<b>132,714</b>	<b>570,558</b>	<b>2,819,162</b>
<b>Decrease in Reserve for Inventory</b>	<b>(2,579)</b>	<b>0</b>	<b>0</b>	<b>(2,579)</b>
<b>Fund Balances at End of Year</b>	<b>\$2,204,420</b>	<b>\$74,804</b>	<b>\$347,870</b>	<b>\$2,627,094</b>

See accompanying notes to the general purpose financial statements

Belpre City School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2003

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Taxes	\$5,571,727	\$5,603,814	\$32,087
Intergovernmental	2,575,777	2,602,214	26,437
Interest	107,235	107,235	0
Tuition and Fees	13,172	13,172	0
Extracurricular Activities	0	0	0
Miscellaneous	28,456	28,456	0
<b>Total Revenues</b>	<b>8,296,367</b>	<b>8,354,891</b>	<b>58,524</b>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,891,138	3,811,222	79,916
Special	666,695	642,688	24,007
Vocational	126,146	116,614	9,532
Adult/Continuing	0	0	0
Other	109,843	109,228	615
Support Services:			
Pupils	728,405	716,066	12,339
Instructional Staff	205,599	174,745	30,854
Board of Education	57,366	45,782	11,584
Administration	954,605	881,146	73,459
Fiscal	361,813	314,852	46,961
Business	3,152	2,352	800
Operation of Plant	859,428	829,384	30,044
Pupil Transportation	366,312	308,218	58,094
Central	490	0	490
Extracurricular Activities	158,646	127,451	31,195
Capital Outlay	67,900	66,650	1,250
Debt Service:			
Principal	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>8,557,538</b>	<b>8,146,398</b>	<b>411,140</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(261,171)</b>	<b>208,493</b>	<b>469,664</b>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	48,393	48,393	0
Refund of Prior Year Receipts	(70,000)	0	70,000
Operating Transfers In	0	0	0
Operating Transfers Out	(40,000)	(61,983)	(21,983)
Advances In	0	0	0
Advances Out	(10,000)	(1,090)	8,910
<b>Total Other Financing Sources (Uses)</b>	<b>(71,607)</b>	<b>(14,680)</b>	<b>56,927</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(332,778)</b>	<b>193,813</b>	<b>526,591</b>
Fund Balances at Beginning of Year	2,983,277	2,983,277	0
Prior Year Encumbrances Appropriated	57,317	57,317	0
<b>Fund Balances at End of Year</b>	<b>\$2,707,816</b>	<b>\$3,234,407</b>	<b>\$526,591</b>

(continued)

Belpre City School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types (Continued)  
 For the Fiscal Year Ended June 30, 2003

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	623,937	623,937	0
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	103,851	103,972	121
Miscellaneous	15,296	15,296	0
<b>Total Revenues</b>	<b>743,084</b>	<b>743,205</b>	<b>121</b>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	176,036	144,926	31,110
Special	503,446	480,218	23,228
Vocational	0	0	0
Adult/Continuing	4,000	4,000	0
Other	0	0	0
Support Services:			
Pupils	57,984	47,471	10,513
Instructional Staff	53,120	47,212	5,908
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation of Plant	16,189	16,189	0
Pupil Transportation	0	0	0
Central	15,167	10,394	4,773
Extracurricular Activities	91,723	87,725	3,998
Capital Outlay	610	610	0
Debt Service:			
Principal	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>918,275</b>	<b>838,745</b>	<b>79,530</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(175,191)</b>	<b>(95,540)</b>	<b>79,651</b>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	(1,348)	(1,348)	0
Operating Transfers In	7,904	7,904	0
Operating Transfers Out	(6,109)	(6,421)	(312)
Advances In	1,090	1,090	0
Advances Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,537</b>	<b>1,225</b>	<b>(312)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(173,654)</b>	<b>(94,315)</b>	<b>79,339</b>
Fund Balances at Beginning of Year	166,739	166,739	0
Prior Year Encumbrances Appropriated	36,306	36,306	0
<b>Fund Balances at End of Year</b>	<b>\$29,391</b>	<b>\$108,730</b>	<b>\$79,339</b>

See accompanying notes to the general purpose financial statements

Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$5,571,727	\$5,603,814	\$32,087
19,636	19,636	0	3,219,350	3,245,787	26,437
0	0	0	107,235	107,235	0
0	0	0	13,172	13,172	0
0	0	0	103,851	103,972	121
0	0	0	43,752	43,752	0
19,636	19,636	0	9,059,087	9,117,732	58,645
26,529	26,518	11	4,093,703	3,982,666	111,037
0	0	0	1,170,141	1,122,906	47,235
0	0	0	126,146	116,614	9,532
0	0	0	4,000	4,000	0
0	0	0	109,843	109,228	615
0	0	0	786,389	763,537	22,852
0	0	0	258,719	221,957	36,762
0	0	0	57,366	45,782	11,584
0	0	0	954,605	881,146	73,459
0	0	0	361,813	314,852	46,961
0	0	0	3,152	2,352	800
0	0	0	875,617	845,573	30,044
0	0	0	366,312	308,218	58,094
0	0	0	15,657	10,394	5,263
0	0	0	250,369	215,176	35,193
363,367	363,367	0	431,877	430,627	1,250
69,200	69,200	0	69,200	69,200	0
13,235	13,232	3	13,235	13,232	3
472,331	472,317	14	9,948,144	9,457,460	490,684
(452,695)	(452,681)	14	(889,057)	(339,728)	549,329
0	0	0	48,393	48,393	0
0	0	0	(71,348)	(1,348)	70,000
60,500	60,500	0	68,404	68,404	0
0	0	0	(46,109)	(68,404)	(22,295)
0	0	0	1,090	1,090	0
0	0	0	(10,000)	(1,090)	8,910
60,500	60,500	0	(9,570)	47,045	56,615
(392,195)	(392,181)	14	(898,627)	(292,683)	605,944
547,002	547,002	0	3,697,018	3,697,018	0
23,556	23,556	0	117,179	117,179	0
\$178,363	\$178,377	\$14	\$2,915,570	\$3,521,514	\$605,944

Belpre City School District, Ohio  
 Combined Statement of Revenues,  
 Expenses and Changes in Retained Earnings/Fund Balance  
 Proprietary Fund Type and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	
<u>Operating Revenues:</u>			
Sales	\$150,728	\$0	\$150,728
Other	147	0	147
Total Operating Revenues	<u>150,875</u>	<u>0</u>	<u>150,875</u>
<u>Operating Expenses:</u>			
Salaries	88,434	0	88,434
Fringe Benefits	39,505	0	39,505
Purchased Services	4,618	0	4,618
Materials and Supplies	36,817	0	36,817
Cost of Sales	120,585	0	120,585
Depreciation	2,061	0	2,061
Total Operating Expenses	<u>292,020</u>	<u>0</u>	<u>292,020</u>
Operating Loss	<u>(141,145)</u>	<u>0</u>	<u>(141,145)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	6,073	0	6,073
Interest Income	745	0	745
Operating Grants	142,971	0	142,971
Total Non-Operating Revenues	<u>149,789</u>	<u>0</u>	<u>149,789</u>
Net Income	8,644	0	8,644
Retained Earnings/Fund Balance at Beginning of Year (Restated - Note 3)	<u>120,349</u>	<u>7,115</u>	<u>127,464</u>
Retained Earnings/Fund Balance at End of Year	<u><u>\$128,993</u></u>	<u><u>\$7,115</u></u>	<u><u>\$136,108</u></u>

See accompanying notes to the general purpose financial statements



Belpre City School District, Ohio  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 Proprietary Fund Type and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 2003

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$150,728	\$150,728	\$0
Other	147	147	0
Interest	731	731	0
Operating Grants	142,971	142,971	0
<b>Total Revenues</b>	<b>294,577</b>	<b>294,577</b>	<b>0</b>
<u>Expenses:</u>			
Salaries	87,755	85,358	2,397
Fringe Benefits	33,625	33,419	206
Purchased Services	6,500	4,618	1,882
Materials and Supplies	188,793	158,832	29,961
<b>Total Expenses</b>	<b>316,673</b>	<b>282,227</b>	<b>34,446</b>
Excess of Revenues Over (Under) Expenses	(22,096)	12,350	34,446
Fund Equity at Beginning of Year	63,303	63,303	0
Prior Year Encumbrances Appropriated	673	673	0
<b>Fund Equity at End of Year</b>	<b>\$41,880</b>	<b>\$76,326</b>	<b>\$34,446</b>

(continued)

Belpre City School District, Ohio  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 Proprietary Fund Type and Similar Trust Fund (Continued)  
 For the Fiscal Year Ended June 30, 2003

	Non-Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$0	\$0	\$0
Interest	0	0	0
Interest	0	0	0
Operating Grants	0	0	0
 Total Revenues	 0	 0	 0
<u>Expenses:</u>			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	0	0	0
Materials and Supplies	0	0	0
 Total Expenses	 0	 0	 0
 Excess of Revenues Over (Under) Expenses	 0	 0	 0
 Fund Equity at Beginning of Year	 7,115	 7,115	 0
 Prior Year Encumbrances Appropriated	 0	 0	 0
 Fund Equity at End of Year	 \$7,115	 \$7,115	 \$0

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$150,728	\$150,728	\$0
147	147	0
731	731	0
142,971	142,971	0
<u>294,577</u>	<u>294,577</u>	<u>0</u>
87,755	85,358	2,397
33,625	33,419	206
6,500	4,618	1,882
188,793	158,832	29,961
<u>316,673</u>	<u>282,227</u>	<u>34,446</u>
(22,096)	12,350	34,446
70,418	70,418	0
<u>673</u>	<u>673</u>	<u>0</u>
<u>\$48,995</u>	<u>\$83,441</u>	<u>\$34,446</u>

Belpre City School District, Ohio  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Similar Trust Fund  
 For the Fiscal Year Ended June 30, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$150,728	\$0	\$150,728
Cash Received from Other Revenues	147	0	147
Cash Payments to Suppliers for Goods and Services	(157,731)	0	(157,731)
Cash Payments for Employee Services	(85,358)	0	(85,358)
Cash Payments for Employee Benefits	(33,419)	0	(33,419)
Net Cash Used for Operating Activities	(125,633)	0	(125,633)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	142,971	0	142,971
<u>Cash Flows from Investing Activities:</u>			
Interest	745	0	745
Net Increase in Cash and Cash Equivalents	18,083	0	18,083
Cash and Cash Equivalents at Beginning of Year	64,058	2,115	66,173
Cash and Cash Equivalents at End of Year	\$82,141	\$2,115	\$84,256
Reconciliation of Operating Loss to			
<u>Net Cash Used for Operating Activities:</u>			
Operating Loss	(\$141,145)	\$0	(\$141,145)
Adjustments to Reconcile Operating Loss to			
<u>Net Cash Used for Operating Activities:</u>			
Depreciation	2,061	0	2,061
Donated Commodities Used During Year	6,598	0	6,598
Changes in Assets and Liabilities:			
Increase in Inventory Held for Resale	(1,801)	0	(1,801)
Increase in Materials and Supplies Inventory	(683)	0	(683)
Increase in Accounts Payable	175	0	175
Increase in Accrued Wages and Benefits Payable	4,610	0	4,610
Increase in Compensated Absences Payable	556	0	556
Increase in Intergovernmental Payable	3,996	0	3,996
Total Adjustments	15,512	0	15,512
Net Cash Used for Operating Activities	(\$125,633)	\$0	(\$125,633)
Non-Cash Transactions: During fiscal year 2003, the School District received \$6,073 in donated commodities.			
Cash and Cash Equivalents - All Fiduciary Funds		\$32,115	
Cash and Cash Equivalents - Agency Fund		(30,000)	
Cash and Cash Equivalents - Non-Expendable Trust Fund		\$2,115	

See accompanying notes to the general purpose financial statements

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Belpre City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines. The Board controls the School District's four instructional/support facilities staffed by 64 classified employees, 97 certified teaching personnel, and 5 administrators, who provide services to 1,335 students and other community members.

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

*Reporting Entity:*

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Belpre City School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in four jointly governed organizations, the Southeast Ohio Voluntary Educational Consortium, the Coalition of Rural and Appalachian Schools, the South Eastern Ohio Special Education Regional Resource Center, and the Washington County Career Center. The School District also participated in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 19 and 20 to the general purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**A. Basis of Presentation - Fund Accounting**

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

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

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

*Governmental Fund Types:*

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

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

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

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

*Proprietary Fund Type:*

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

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

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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*Fiduciary Fund Types:*

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

*Account Groups:*

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

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

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

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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

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

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

### **C. Budgetary Process**

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

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



Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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*Tax Budget:*

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

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

*Estimated Resources:*

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

*Appropriations:*

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

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

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

*Encumbrances:*

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

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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*Lapsing of Appropriations*

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

**D. Cash and Cash Equivalents**

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

Following Ohio statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2003 amounted to \$108,723, which includes \$19,282 assigned from other School District funds.

During fiscal year 2003, the investments were limited to certificates of deposit, which are reported at cost.

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

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

**E. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of school buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional materials and to create a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

**F. Estimates**

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

**G. Inventory**

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

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

**I. Fixed Assets and Depreciation**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

**J. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables/payables".

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for certified employees after five years and for classified employees after eight years of current service with the School District.

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

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**L. Accrued Liabilities and Long-Term Obligations**

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

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

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

**M. Interfund Transactions**

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

**N. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money set aside to protect the District from cyclical changes in revenues and expenditures. The reserve for contributions represents contributions to non-expendable trust funds that must be kept intact.

**O. Total Columns on General Purpose Financial Statements**

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

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**NOTE 3 – RESTATEMENT OF PRIOR YEAR BALANCES**

The School District implemented a new fixed asset policy which increased the capitalization threshold of fixed assets from two hundred fifty dollars to five hundred dollars. The School District also completed a reevaluation for all of their assets. Because of this, fixed assets were restated in the General Fixed Assets Account Group by \$2,589,839. Balances as previously reported were \$5,299,355 and were restated to \$7,889,194.

Fixed assets were understated by \$8,155 and accumulated depreciation was overstated by \$83,659 in the Enterprise Funds in the previous fiscal year. Retained earnings were previously reported at \$28,535 and were restated to \$120,349.

**NOTE 4 - FUND DEFICITS**

At June 30, 2003, the following funds had deficit fund balances:

	<u>Deficits</u>
Special Revenue Funds:	
Disadvantaged Pupil Impact Aid	\$610
Alternative Learning Center	6,219
Title VI-B	12,492
Reducing Class Size	1,034

The deficits in the special revenue funds resulted from expenditures made in excess of available revenues. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) Proprietary Fund Type and Similar Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$91,109	(\$57,910)	(\$222,688)
Revenue Accruals	27,345	(36,284)	0
Expenditure Accruals	142,426	18,724	145,988
Beginning of Fiscal Year:			
Unreported Interest	6,553	0	0
Segregated Cash	0	125	0
Prepaid Items	11,759	0	0
End of Fiscal Year:			
Unreported Interest	(8,041)	0	0
Segregated Cash	0	(736)	0
Prepaid Items	(822)	0	0
Advances In	0	1,090	0
Advances Out	(1,090)	0	0
Encumbrances	(75,426)	(19,324)	(315,481)
Budget Basis	\$193,813	(\$94,315)	(\$392,181)

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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Net Income/Excess of Revenues  
Over Expenses  
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	\$8,644
Expense Accrual	7,378
Unreported Items:	
Beginning of Fiscal Year	82
End of Fiscal Year	(96)
Depreciation Expense	2,061
Encumbrances	<u>(5,719)</u>
Budget Basis	<u>\$12,350</u>

**NOTE 6 - CASH AND CASH EQUIVALENTS**

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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

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

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

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$4,059,508 and the bank balance was \$4,119,518. Of the bank balance, \$140,906 was covered by federal depository insurance and \$3,978,612 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

*Cash on Hand:* At fiscal year end, the School District had \$270 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".



Belpre City School District, Ohio  
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*Investments:* The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District had no investments at fiscal year end.

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$4,054,778	\$5,000
Cash on Hand	(270)	0
Certificate of Deposit	5,000	(5,000)
GASB Statement 3	\$4,059,508	\$0

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, 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 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 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.

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Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Washington County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2003, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance, at June 30, 2003, was \$80,124 to the General Fund and is recognized as revenue. At June 30, 2002, \$109,787 to the General Fund was available to the School District.

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

	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$111,498,270	54.00%	\$111,634,110	55.27%
Public Utility Personal	7,144,130	3.46%	7,127,450	3.53%
Tangible Personal	87,814,620	42.54%	83,211,540	41.20%
	\$206,457,020	100.00%	\$201,973,100	100.00%
Tax Rate per \$1,000 of assessed valuation		\$31.00		\$31.00

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2003, consisted of property taxes, accounts (rent, billings for user charged services, and tuition and fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Belpre City School District, Ohio  
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<u>Intergovernmental Receivables</u>	<u>Amounts</u>
<b>General Fund:</b>	
Technical Preparation Reimbursements	\$1,505
State Share of FEMA	351
Miscellaneous	456
Total General Fund	<u>2,312</u>
<b>Special Revenue Funds:</b>	
Title I	46,496
Title VI-B	24,817
Title II-A	9,064
E-Rate	7,200
Community Service Grant	1,090
Total Special Revenue Funds	<u>88,667</u>
Total Intergovernmental Receivables	<u><u>\$90,979</u></u>

**NOTE 9 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2003, follows:

Furniture and Equipment	\$133,980
Less Accumulated Depreciation	<u>(42,682)</u>
Net Fixed Assets	<u><u>\$91,298</u></u>

A summary of the changes in general fixed assets during fiscal year 2003 follows:

<u>Asset Category</u>	<u>Balance at 6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/03</u>
Land	\$981,669	\$9,319	\$0	\$990,988
Buildings and Improvements	4,353,841	28,477	0	4,382,318
Furniture and Equipment	1,585,719	12,781	10,410	1,588,090
Vehicles	788,395	58,980	0	847,375
Textbooks	179,570	0	0	179,570
Construction in Progress	0	145,488	0	145,488
Totals	<u><u>\$7,889,194</u></u>	<u><u>\$255,045</u></u>	<u><u>\$10,410</u></u>	<u><u>\$8,133,829</u></u>

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
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**NOTE 10 - RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003, the School District contracted with Utica National/Insurance Group for property insurance and boiler and machinery coverage. Property damage is on a replacement cost basis for a blanket amount of \$18,428,170 on buildings and contents. The policies include a \$5,000 deductible.

Professional and general liability is protected by Utica National/Insurance Group with a \$1,000,000 single occurrence limit with \$3,000,000 aggregate and \$5,000 deductible. Property damage is on a replacement cost basis for a blanket amount of \$18,428,170 on buildings and contents. Vehicles are covered by Utica National/Insurance Group and hold a \$1,000 deductible for both comprehensive and collision. Automobile liability has a \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**B. Workers' Compensation**

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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 school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

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 2003, 8.17 percent

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Notes to the General Purpose Financial Statements  
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of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$116,904, \$73,992, and \$24,576, respectively; 48.90 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$59,737, representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District participates in the 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 may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$565,661, \$442,763, and \$397,017, respectively; 84.40 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$88,244, representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2003 were \$7,998 made by the School District and \$10,289 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are 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, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$43,512 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 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, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. 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 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits during the 2003 fiscal year equaled \$119,796.

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For the Fiscal Year Ended June 30, 2003

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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, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for confidential employees, 238 days for certified employees, and 220 days for classified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days for confidential employees, 57 days for certified employees, and 52 days for classified employees.

**B. Health/Life Insurance**

The School District provides health and major medical insurance for all eligible employees by contracting with Anthem Blue Cross/Blue Shield Insurance Company. The School District pays monthly premiums of up to \$797.68 for family and up to \$281.81 for individual for Point of Service coverage and up to \$798.25 for family and \$288.55 for individual for Preferred Provider Organizations coverage. Premiums are paid from the same funds that pay the employees' salaries.

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

Dental coverage is provided through Core Source, Inc. Premiums for this coverage are \$39.22 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 \$13.40 for family and individual coverage.

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

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

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

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Fixed assets acquired by the lease have been capitalized in the general fixed assets account group in the amount of \$6,995, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2003 totaled \$1,526 in the governmental funds.

**NOTE 15 - LONG - TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

	Principal Outstanding <u>6/30/02</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/03</u>
2002 Energy Conservation Loan - 3.53%	\$346,000	\$0	\$69,200	\$276,800
Capital Lease	1,526	0	1,526	0
Pension Obligation	78,460	92,891	78,460	92,891
Compensated Absences	<u>608,205</u>	<u>132,394</u>	<u>112,999</u>	<u>627,600</u>
Total General Long-Term Obligations	<u>\$1,034,191</u>	<u>\$225,285</u>	<u>\$262,185</u>	<u>\$997,291</u>

*Energy Conservation Loan* - On November 7, 2001, Belpre City School District issued \$346,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The loan will be paid from energy savings realized from the energy conservation measures.

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

School District's overall legal debt margin was \$18,177,579, with an unvoted debt margin of \$201,973 at June 30, 2003.

Principal and interest requirements to the energy conservation loan at June 30, 2003, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2004	\$30,547	\$9,771	\$40,318
2005	31,626	8,693	40,319
2006	32,742	7,576	40,318
2007	33,898	6,421	40,319
2008	35,094	5,224	40,318
2009-2011	<u>112,893</u>	<u>8,062</u>	<u>120,955</u>
Total	<u>\$276,800</u>	<u>\$45,747</u>	<u>\$322,547</u>



Belpre City School District, Ohio  
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**NOTE 16 – INTERFUND BALANCES**

At fiscal year end, the Miscellaneous Federal Grants Special Revenue Fund owed the General Fund \$1,090 for an advance received during the fiscal year.

**NOTE 17 – CONTRACTUAL COMMITMENTS**

As of June 30, 2003, the School District has contractual commitments for an air conditioning project at the Middle School. The School District is reporting construction in progress for amounts already expended at June 30, 2003. The amount of the capital project is \$256,494. The amount expended as of June 30, 2003, was \$145,488, leaving a balance remaining of \$111,006. The School District also had a contractual commitment for a new telephone system for \$56,317, of which no amounts have been expended.

**NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Belpre City School District as of and for the fiscal year ended June 30, 2003.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$127,886	\$22,989	\$150,875
Depreciation Expense	2,061	0	2,061
Operating Income (Loss)	(159,702)	18,557	(141,145)
Federal Donated Commodities	6,073	0	6,073
Interest Income	745	0	745
Operating Grants	142,971	0	142,971
Net Income (Loss)	(9,913)	18,557	8,644
Net Working Capital	23,933	34,026	57,959
Total Assets	143,678	34,026	177,704
Long-term Compensated			
Absences Payable	7,551	0	7,551
Long-term Pension Payable	12,713	0	12,713
Total Equity	94,967	34,026	128,993
Encumbrances Outstanding			
at June 30, 2003	2,318	3,401	5,719

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

*Southeast Ohio Voluntary Educational Consortium (SEOVEC)* - SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2003, the Belpre City School District paid \$33,787 to SEOVEC. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. During fiscal year 2003, the Belpre City School District paid \$300 to the Coalition.

*South Eastern Ohio Special Education Regional Resource Center (SEOSERRC)* - SEOSERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. SEOSERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University, and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

*Washington County Career Center* - The Washington County Career Center 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 Career Center, Mary Bee, Treasurer, at 21740 SR 676, Marietta, Ohio 45750.

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**NOTE 20 - INSURANCE PURCHASING POOL**

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

**NOTE 21 - SET-ASIDE CALCULATIONS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior years, the School District was also required to set aside money for the budget stabilization. At June 30, 2003, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside reserve balance as of June 30, 2002	\$49,654	(\$341,400)	\$299,082
Current year set-aside requirement	177,396	177,396	0
Offsets	0	(60,500)	0
Qualifying Disbursements	<u>(162,764)</u>	<u>(207,168)</u>	<u>0</u>
Totals	<u>\$64,286</u>	<u>(\$431,672)</u>	<u>\$299,082</u>
Set-aside Balance Carry Forward to Future Fiscal Years	<u>\$64,286</u>	<u>(\$341,400)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$64,286</u>	<u>\$0</u>	<u>\$299,082</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements set-aside amount below zero. Some of this extra amount may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$363,368.

Belpre City School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**NOTE 22 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

**B. Litigation**

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

**NOTE 23 – STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

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

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

<b>FEDERAL GRANTOR</b> <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	10.550	N/A	\$	\$ 6,073	\$	\$ 6,073
School Breakfast Program	10.553	05PU-2002	4,795		4,795	
		05PU-2003	25,643		25,643	
Total School Breakfast Program			30,438	0	30,438	0
National School Lunch Program	10.555	LLP4-2002	15,506		15,506	
		LLP4-2003	88,338		88,338	
Total National School Lunch Program			103,844	0	103,844	0
Total Nutrition Cluster			134,282	6,073	134,282	6,073
Total United States Department of Agriculture			134,282	6,073	134,282	6,073
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	84.010	C1S1-2002	21,846		67,736	
		C1S1-2003	229,477		239,669	
Total Title I Grants to Local Educational Agencies			251,323	0	307,405	0
Special Education - Grants to States	84.027	6BSF-2002P	11,894		26,600	
		6BSF-2003P	110,610		106,807	
Total Special Education - Grants to States			122,504	0	133,407	0
Safe and Drug Free School - Community Service Grant	84.184C	T4-S1-03-111	467	0	1,557	0
Safe and Drug-Free Schools and Communities - State Grants	84.186	DRS1-2001			350	
		DRS1-2002	(882)		269	
		DRS1-2003	5,882		2,807	
Total Safe and Drug-Free Schools and Communities - State Grants			5,000	0	3,426	0
Eisenhower Professional Development State Grants	84.281	MSS1-2002	(312)	0	1,551	0
Innovative Education Program Strategies	84.298	C2S1-2001			76	
		C2S1-2002	327		2,754	
		C2S1-2003	7,711		7,310	
Total Innovative Education Program Strategies			8,038	0	10,140	0
Education Technology State Grants	84.318	TJ-S1-2002			5,068	
		TJ-S1-2003	6,644		10,415	
Total Education Technology State Grants			6,644	0	15,483	0
Class Size Reduction	84.340	CRS1-2001			102	
		CRS1-2002	5,772		10,144	
Total Class Size Reduction			5,772	0	10,246	0
School Renovation, IDEA, and Technology	84.352A	ATS1-2002	(338)		3,453	
		ATS3-2002	2,021		2,021	
Total School Renovation, IDEA, and Technology			1,683	0	5,474	0
Improving Teacher Quality State Grants	84.367	TRS1-2003	67,064		62,825	
Total United States Department of Education			468,183	0	551,514	0
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>						
<i>Passed through Ohio Emergency Management Agency:</i>						
Public Assistance Grants	83.544	DR-1453-OH	2,189		2,189	
Total Federal Emergency Management Agency			2,189	0	2,189	0
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$ 604,654</b>	<b>\$ 6,073</b>	<b>\$ 687,985</b>	<b>\$ 6,073</b>

*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 YEAR ENDED JUNE 30, 2003**

**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 – CHILD NUTRITION CLUSTER**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C – TRANSFERS AND REFUNDS**

During 2003, the Ohio Department of Education (ODE) authorized the School District to transfer unneeded funds to other grants as well as carryover monies from the prior fiscal year to the current fiscal year. The School District also refunded to the ODE monies that were not expended during the period of availability. Authorized transfers and carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. Refunds to the ODE are shown as a reduction of federal revenue in the accompanying Schedule. A detailed listing of the transfers/carryovers and refunds are as follows:

CFDA Number	Program Title	Pass- Through Entity Number	Transfers Out	Transfers In	Refund to ODE
84.010	Title I Grants to Local Educational Agencies	C1-S1-02	\$ 26,776	\$	\$
84.010	Title I Grants to Local Educational Agencies	C1-S1-03		26,776	
84.186	Safe and Drug-Free Schools and Communities	DR-S1-02	1,343		
84.186	Safe and Drug-Free Schools and Communities	DR-S1-03		1,343	
84.281	Eisenhower Professional Development	MS-S1-02	312		
84.367	Improving Teacher Quality State Grants	TR-S1-03		312	
84.352A	School Renovation, IDEA, and Technology	AT-S1-02			338
84.352A	School Renovation, IDEA, and Technology	AT-S3-02			53
84.298	Innovative Education Program Strategies	C2-S1-02	402		
84.298	Innovative Education Program Strategies	C2-S1-03		402	
			<u>\$ 28,833</u>	<u>\$ 28,833</u>	<u>\$ 391</u>



## **Auditor of State Betty Montgomery**

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

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2003, and have issued our report thereon dated November 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated November 13, 2003.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated November 13, 2003.

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

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 13, 2003





## **Auditor of State Betty Montgomery**

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

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

#### **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, 2003. 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, 2003.

#### **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.

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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 internal control over federal compliance that do not require inclusion in this report that we have reported to management of the School District in a separate letter dated November 13, 2003.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 13, 2003

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED JUNE 30, 2003**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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**Auditor of State  
Betty Montgomery**

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**BELPRE CITY SCHOOL DISTRICT**

**WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 6, 2004**