



**Auditor of State  
Betty Montgomery**



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets .....	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds .....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund.....	18
Statement of Fund Net Assets – Proprietary Fund .....	19
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund .....	20
Statement of Cash Flows – Proprietary Fund.....	21
Statement of Fiduciary Assets and Liabilities – Fiduciary Fund .....	22
Notes to the Basic Financial Statements .....	23
Schedule of Federal Awards Receipts and Expenditures.....	45
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	46
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	47
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	49
Schedule of Findings – OMB Circular A-133 § .505 .....	51

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Belpre City School District, Washington County, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2005, 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 agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the result of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic 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

December 16, 2005

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
Unaudited

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The discussion and analysis of the Belpre City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for the fiscal year 2005 are as follows:

- In total, net assets decreased \$693,774. Net assets of governmental activities decreased \$694,339, which represents a 9% decrease from 2004. Net assets of the business-type activity increased \$565 or 1% from 2004.
- General revenues accounted for \$8,103,718 in revenue or 83% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$1,661,196 or 17% of total revenues of \$9,764,914.
- Total program expenses were \$10,764,471; \$10,424,253 in governmental activities and \$340,218 in the business-type activity.

**Using this Annual Financial Report**

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

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

***Reporting the School District as a Whole***

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
Unaudited

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

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two kinds of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-Type Activity - Some services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The School District's food service program is reported as a business-type activity.

***Reporting the School District's Most Significant Funds***

***Fund Financial Statements***

The analysis of the School District's major fund begins on page 9. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities (food service); therefore, these statements will essentially match.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2005 compared to 2004.



**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
 Unaudited

(Table 1)  
 Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets</b>						
Current and Other Assets	\$8,639,528	\$9,133,386	\$28,273	\$30,978	\$8,667,801	\$9,164,364
Capital Assets, Net	6,064,239	6,144,276	94,005	93,412	6,158,244	6,237,688
<i>Total Assets</i>	<u>14,703,767</u>	<u>15,277,662</u>	<u>122,278</u>	<u>124,390</u>	<u>14,826,045</u>	<u>15,402,052</u>
<b>Liabilities</b>						
Current and Other Liabilities	7,026,477	6,937,234	33,472	35,418	7,059,949	6,972,652
Long-term Liabilities						
Due Within One Year	51,180	42,370	0	0	51,180	42,370
Due in More Than One Year	779,888	757,497	7,548	8,279	787,436	765,776
<i>Total Liabilities</i>	<u>7,857,545</u>	<u>7,737,101</u>	<u>41,020</u>	<u>43,697</u>	<u>7,898,565</u>	<u>7,780,798</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	5,860,446	5,906,247	94,005	93,412	5,954,451	5,999,659
Restricted	716,607	686,993	0	0	716,607	686,993
Unrestricted (Deficit)	269,169	947,321	(12,747)	(12,719)	256,422	934,602
<i>Total Net Assets</i>	<u>\$6,846,222</u>	<u>\$7,540,561</u>	<u>\$81,258</u>	<u>\$80,693</u>	<u>\$6,927,480</u>	<u>\$7,621,254</u>

Total assets decreased \$576,007, with governmental assets decreasing \$573,895 and business-type assets decreasing \$2,112. For governmental activities, \$548,739 of the decrease is in equity in pooled cash and over \$32,154 is in property taxes receivable while capital assets decreased \$80,037. The District's expenditures are exceeding the revenues received for the year, using up the cash balance.

Total liabilities increased \$117,767, with governmental liabilities increasing \$120,444 and business-type liabilities decreasing \$2,677. The largest increases are \$16,415 in accounts payable, \$66,201 in sick leave benefits, and \$119,067 in deferred revenue. These increases are offset by decreases in debt liability by \$35,000.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2005 compared to June 30, 2004.

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
 Unaudited

Table 2  
 Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$517,294	\$460,832	\$134,695	\$125,368	\$651,989	\$586,200
Operating Grants, Contributions and Interest	1,090,331	1,043,293	170,791	164,681	1,261,122	1,207,974
Capital Grants and Contributions	53,571	22,771	0	1,000	53,571	23,771
Total Program Revenues	<u>1,661,196</u>	<u>1,526,896</u>	<u>305,486</u>	<u>291,049</u>	<u>1,966,682</u>	<u>1,817,945</u>
General Revenues						
Property Taxes	5,580,541	5,522,475	0	0	5,580,541	5,522,475
Grants and Entitlements	2,395,578	2,469,791	0	0	2,395,578	2,469,791
Payments in Lieu of Taxes	0	0	0	0	0	0
Interest	105,239	53,392	297	268	105,536	53,660
Miscellaneous	22,360	24,233	0	0	22,360	24,233
Total General Revenues	<u>8,103,718</u>	<u>8,069,891</u>	<u>297</u>	<u>268</u>	<u>8,104,015</u>	<u>8,070,159</u>
Transfers	0	0	35,000	0	35,000	0
Total Revenues and Transfers	<u>9,764,914</u>	<u>9,596,787</u>	<u>340,783</u>	<u>291,317</u>	<u>10,105,697</u>	<u>9,888,104</u>
<b>Program Expenses</b>						
Instruction:						
Regular	4,940,903	4,644,106	0	0	4,940,903	4,644,106
Special	1,183,091	1,302,227	0	0	1,183,091	1,302,227
Vocational	43,471	42,706	0	0	43,471	42,706
Adult/Continuing	0	738	0	0	0	738
Support Services:						
Pupils	963,352	887,687	0	0	963,352	887,687
Instructional Staff	218,099	235,950	0	0	218,099	235,950
Board of Education	37,671	41,181	0	0	37,671	41,181
Administration	958,578	962,610	0	0	958,578	962,610
Fiscal	369,893	352,318	0	0	369,893	352,318
Business	1,568	1,496	0	0	1,568	1,496
Operation and Maintenance of Plant	999,755	926,177	0	0	999,755	926,177
Transportation	435,613	351,391	0	0	435,613	351,391
Central	6,920	10,460	0	0	6,920	10,460
Operation of Non-Instructional Services	4,990	4,453	0	0	4,990	4,453
Extracurricular Activities	250,881	193,883	0	0	250,881	193,883
Interest and Fiscal Charges	9,468	7,048	0	0	9,468	7,048
Food Service	0	0	340,218	305,591	340,218	305,591
Total Expenses	<u>10,424,253</u>	<u>9,964,431</u>	<u>340,218</u>	<u>305,591</u>	<u>10,764,471</u>	<u>10,270,022</u>
Transfers	35,000	0	0	0	35,000	0
Total Expenses and Transfers	<u>10,459,253</u>	<u>9,964,431</u>	<u>340,218</u>	<u>305,591</u>	<u>10,799,471</u>	<u>10,270,022</u>
Increase (Decrease) in Net Assets	<u>(\$694,339)</u>	<u>(\$367,644)</u>	<u>\$565</u>	<u>(\$14,274)</u>	<u>(\$693,774)</u>	<u>(\$381,918)</u>

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
Unaudited

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***Governmental Activities***

Property taxes made up approximately 57.4 percent of revenues for governmental activities for Belpre City School District. Of the remaining, the School District receives 36.4 percent from state foundation, federal, and state grants; 5.3 percent from charges for services; and .9 percent from interest and local entities.

Over 59 percent of the School District's budget is used to fund instructional expenses. Support services make up 38 percent of expenses and 3 percent is used for fiscal charges, extracurricular activities, and non-instructional services.

During the fiscal year, the School District experienced changes in the following: a 6 percent increase in health insurance costs, a negotiated 4 percent salary increase, increased open enrollment to other districts, increased workers compensation costs, as well as increases in utility and fuel costs.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and investment earnings offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services, that is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
 Unaudited

Table 3  
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Net Cost of Services	Net Cost of Services
	2005	2005	2004	2004
<b>Program Expenses</b>				
Instruction:				
Regular	\$4,940,903	\$4,393,549	\$4,644,106	\$4,147,888
Special	1,183,091	467,050	1,302,227	535,860
Vocational	43,471	36,807	42,706	35,819
Adult/Continuing	0	0	738	738
Support Services:				
Pupils	963,352	776,480	887,687	817,311
Instructional Staff	218,099	146,880	235,950	177,081
Board of Education	37,671	37,671	41,181	41,181
Administration	958,578	958,578	962,610	962,610
Fiscal	369,893	369,893	352,318	352,318
Business	1,568	1,568	1,496	1,496
Operation and Maintenance of Plant	999,755	972,190	926,177	910,327
Pupil Transportation	435,613	409,214	351,391	314,218
Central	6,920	599	10,460	5,460
Operation of Non-Instructional Services	4,990	4,844	4,453	4,107
Extracurricular Activities	250,881	178,266	193,883	124,073
Interest and Fiscal Charges	9,468	9,468	7,048	7,048
<b>Total</b>	<b>\$10,424,253</b>	<b>\$8,763,057</b>	<b>\$9,964,431</b>	<b>\$8,437,535</b>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Over 84 percent of total expenditures are supported through taxes and other general revenues.

***Business-Type Activity***

The business-type activity involves the School District's food service operation. This program had total revenues of \$340,783 and total expenses of \$340,218 for fiscal year 2005. It is the intent of Management to increase prices gradually in future years and explore alternative measures to increase revenues. The operating losses are due to increases in personnel costs, supply and material costs, and repair or replacement costs of aging equipment.

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
 Unaudited

**The School District Funds**

All governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,916,890 and expenditures of \$10,386,800. The \$560,995 decrease in fund balance in the General Fund is due to a 6 percent increase in health insurance costs, a negotiated 4 percent salary increase, and open enrollment increases to other districts. The Other Governmental Funds had an increase in fund balance of \$59,177 due primarily to the increases listed for the General Fund. Although all governmental fund revenues exceeded the prior year's revenues by 2.8 percent, it was not enough to offset the over 2.1 percent increase in expenditures.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2005, the School District amended its General Fund budget, but not significantly. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$8,753,673, \$135,723 above original estimates of \$8,617,950. The majority of this difference was due to property revaluation. Expenditures of \$9,358,857 were lower than original appropriations of \$9,890,275. The majority of this difference is due to health insurance premium being 9.5% lower than projected, reduction of the Middle School Assistant Principal position, reduction of 2 certified staff positions and reduction 1 classified staff position.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2005, the School District had \$6,158,244 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2005 balances compared to 2004.

(Table 4)  
 Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$1,232,814	\$1,232,814	\$0	\$0	\$1,232,814	\$1,232,814
Land Improvements	421,608	435,102	0	0	421,608	435,102
Buildings and Improvements	2,930,320	2,935,978	0	0	2,930,320	2,935,978
Furniture and Equipment	835,194	851,775	94,005	93,412	929,199	945,187
Vehicles	631,098	678,607	0	0	631,098	678,607
Construction in Progress	13,205	10,000	0	0	13,205	10,000
<b>Totals</b>	<b>\$6,064,239</b>	<b>\$6,144,276</b>	<b>\$94,005</b>	<b>\$93,412</b>	<b>\$6,158,244</b>	<b>\$6,237,688</b>

**Belpre City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
Unaudited

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In 2005, School District had capital projects that included partial roof replacement at Belpre Middle School, replacement of School District heating and cooling operating software system and asphalt resurfacing at the Bus Garage and Belpre High School.

See Note 12 to the basic financial statements for more information on capital assets.

***Debt***

At June 30, 2005, the School District had \$208,000 in energy conservation loans outstanding which had been issued in fiscal year 2002. See Note 15 to the basic financial statements for more information on debt.

**Current Issues**

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast and work to prudently utilize, efficiently and effectively, the tax dollars and other resources available.

The School District faces many challenges in today's environment and does not anticipate any meaningful growth in State revenue due to uncertainties surrounding the State budget and the State's unwillingness to adequately support school districts with higher property valuations per pupil. The School District relies heavily on its taxpayers to support its operations and asked the community on February 8, 2005, to renew an Emergency Levy that expired on December 31, 2004. The levy passed.

Based upon the current financial situation, with the renewal of the Emergency Levy, the School District will be able to maintain financial stability through 2007 by trimming expenses and living within the means provided. Upon reviewing the School District's five-year forecast, the biggest concerns are fiscal year 2008 and beyond.

The School District is reviewing current programs and will use attrition as much as possible to reduce future costs. Negotiations for the classified staff are schedule for the spring and summer of 2006. The teaching staff has negotiated an agreement through 2008.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Eva Yeager, Treasurer, at Belpre City School District, 2014 Washington Blvd., Belpre, Ohio 45714, or E-Mail at [bc\\_eyeager@seovec.org](mailto:bc_eyeager@seovec.org).

**Belpre City School District, Ohio**

*Statement of Net Assets*

June 30, 2005

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,585,922	\$31,129	\$2,617,051
Cash and Cash Equivalents in Segregated Accounts	181	0	181
Investments	5,000	0	5,000
Inventory Held for Resale	0	5,199	5,199
Materials and Supplies Inventory	24,990	1,690	26,680
Interest Receivable	146	0	146
Intergovernmental Receivable	140,998	0	140,998
Prepaid Items	711	0	711
Accounts Receivable	8,448	255	8,703
Property Taxes Receivable	5,858,925	0	5,858,925
Internal Balances	10,000	(10,000)	0
Deferred Charges	4,207	0	4,207
Nondepreciable Capital Assets	1,246,019	0	1,246,019
Depreciable Capital Assets, Net	4,818,220	94,005	4,912,225
<i>Total Assets</i>	<u>14,703,767</u>	<u>122,278</u>	<u>14,826,045</u>
<b>Liabilities</b>			
Accounts Payable	54,447	0	54,447
Accrued Wages and Benefits Payable	1,089,549	21,995	1,111,544
Contracts Payable	4,467	0	4,467
Vacation Benefits Payable	32,843	0	32,843
Retainage Payable	437	0	437
Deferred Revenue	5,536,498	0	5,536,498
Intergovernmental Payable	308,236	11,477	319,713
Long-Term Liabilities:			
Due Within One Year	51,180	0	51,180
Due In More Than One Year	779,888	7,548	787,436
<i>Total Liabilities</i>	<u>7,857,545</u>	<u>41,020</u>	<u>7,898,565</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,860,446	94,005	5,954,451
Restricted for:			
Capital Projects	161,745	0	161,745
Other Purposes	48,127	0	48,127
Budget Stabilization	302,073	0	302,073
Bus Purchase	46,873	0	46,873
Textbooks	149,142	0	149,142
Unclaimed Monies	1,790	0	1,790
Music Trust:			
Non-Expendable	5,000	0	5,000
Expendable	1,857	0	1,857
Unrestricted (Deficit)	269,169	(12,747)	256,422
<i>Total Net Assets</i>	<u>\$6,846,222</u>	<u>\$81,258</u>	<u>\$6,927,480</u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2005

	Program Revenues				Net (Expense)Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<b>Governmental Activities</b>							
Instruction:							
Regular	\$4,940,903	\$353,323	\$147,321	\$46,710	(\$4,393,549)	\$0	(\$4,393,549)
Special	1,183,091	44,266	671,775	0	(467,050)	0	(467,050)
Vocational	43,471	0	6,664	0	(36,807)	0	(36,807)
Support Services:							
Pupils	963,352	45,602	141,270	0	(776,480)	0	(776,480)
Instructional Staff	218,099	0	71,219	0	(146,880)	0	(146,880)
Board of Education	37,671	0	0	0	(37,671)	0	(37,671)
Administration	958,578	0	0	0	(958,578)	0	(958,578)
Fiscal	369,893	0	0	0	(369,893)	0	(369,893)
Business	1,568	0	0	0	(1,568)	0	(1,568)
Operation and							
Maintenance of Plant	999,755	1,440	26,125	0	(972,190)	0	(972,190)
Pupil Transportation	435,613	48	19,490	6,861	(409,214)	0	(409,214)
Central	6,920	0	6,321	0	(599)	0	(599)
Operation of Non-Instructional							
Services	4,990	0	146	0	(4,844)	0	(4,844)
Extracurricular Activities	250,881	72,615	0	0	(178,266)	0	(178,266)
Interest and Fiscal Charges	9,468	0	0	0	(9,468)	0	(9,468)
<i>Total Governmental Activities</i>	<u>10,424,253</u>	<u>517,294</u>	<u>1,090,331</u>	<u>53,571</u>	<u>(8,763,057)</u>	<u>0</u>	<u>(8,763,057)</u>
<b>Business-Type Activity</b>							
Food Service	340,218	134,695	170,791	0	0	(34,732)	(34,732)
<i>Totals</i>	<u>\$10,764,471</u>	<u>\$651,989</u>	<u>\$1,261,122</u>	<u>\$53,571</u>	<u>(8,763,057)</u>	<u>(34,732)</u>	<u>(8,797,789)</u>
<b>General Revenues</b>							
Property Taxes Levied for General Purposes					5,580,541	0	5,580,541
Grants and Entitlements not							
Restricted to Specific Programs					2,395,578	0	2,395,578
Interest					105,239	297	105,536
Miscellaneous					22,360	0	22,360
<i>Total General Revenues</i>					<u>8,103,718</u>	<u>297</u>	<u>8,104,015</u>
Transfers					(35,000)	35,000	0
<i>Change in Net Assets</i>					<u>(694,339)</u>	<u>565</u>	<u>(693,774)</u>
<i>Net Assets Beginning of Year</i>					<u>7,540,561</u>	<u>80,693</u>	<u>7,621,254</u>
<i>Net Assets End of Year</i>					<u>\$6,846,222</u>	<u>\$81,258</u>	<u>\$6,927,480</u>

See accompanying notes to the basic financial statements



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**Belpre City School District, Ohio***Balance Sheet**Governmental Funds**June 30, 2005*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,745,670	\$340,374	\$2,086,044
Cash and Cash Equivalents in Segregated Accounts	0	181	181
Investments	0	5,000	5,000
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	499,878	0	499,878
Receivables:			
Property Taxes	5,858,925	0	5,858,925
Accounts	8,006	442	8,448
Intergovernmental	11,168	129,830	140,998
Interfund	11,148	0	11,148
Interest	0	146	146
Prepaid Items	711	0	711
Materials and Supplies Inventory	24,990	0	24,990
<i>Total Assets</i>	<u>\$8,160,496</u>	<u>\$475,973</u>	<u>\$8,636,469</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$29,378	\$25,069	\$54,447
Accrued Wages and Benefits Payable	967,796	121,753	1,089,549
Interfund Payable	0	1,148	1,148
Contracts Payable	0	4,467	4,467
Retainage Payable	0	437	437
Intergovernmental Payable	291,632	16,604	308,236
Deferred Revenue	5,773,745	5,434	5,779,179
<i>Total Liabilities</i>	<u>7,062,551</u>	<u>174,912</u>	<u>7,237,463</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	64,570	44,938	109,508
Reserved for Contributions	0	5,000	5,000
Reserved for Property Taxes	91,882	0	91,882
Reserved for Bus Purchase	46,873	0	46,873
Reserved for Budget Stabilization	302,073	0	302,073
Reserved for Textbooks	149,142	0	149,142
Reserved for Unclaimed Monies	1,790	0	1,790
Unreserved, Undesignated, Reported in:			
General Fund	441,615	0	441,615
Special Revenue Funds	0	115,099	115,099
Capital Projects Funds	0	134,313	134,313
Permanent Fund	0	1,711	1,711
<i>Total Fund Balances</i>	<u>1,097,945</u>	<u>301,061</u>	<u>1,399,006</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$8,160,496</u>	<u>\$475,973</u>	<u>\$8,636,469</u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2005*

<b>Total Governmental Fund Balances</b>		\$1,399,006
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,064,239
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	230,545	
Grants	5,288	
Interest	146	
Student Fees	6,702	242,681
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		4,207
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(32,843)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
School Bus Bonds Payable	(208,000)	
Sick Leave Benefits Payable	(623,068)	(831,068)
Net Assets of Governmental Activities		\$6,846,222

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2005*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$5,774,282	\$0	\$5,774,282
Intergovernmental	2,588,050	887,996	3,476,046
Interest	105,239	0	105,239
Tuition and Fees	365,640	31,484	397,124
Extracurricular Activities	0	113,960	113,960
Miscellaneous	23,982	26,257	50,239
<i>Total Revenues</i>	<u>8,857,193</u>	<u>1,059,697</u>	<u>9,916,890</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	4,600,241	168,852	4,769,093
Special	700,844	487,885	1,188,729
Vocational	52,636	0	52,636
Support Services:			
Pupils	817,829	162,055	979,884
Instructional Staff	157,960	58,697	216,657
Board of Education	37,639	0	37,639
Administration	962,828	0	962,828
Fiscal	377,946	0	377,946
Business	1,568	0	1,568
Operation and Maintenance of Plant	1,017,574	24,209	1,041,783
Pupil Transportation	393,126	1,800	394,926
Central	0	6,305	6,305
Operation of Non-Instructional Services	0	500	500
Extracurricular Activities	158,205	82,512	240,717
Capital Outlay	54,180	17,705	71,885
Debt Service:			
Principal Retirement	0	35,000	35,000
Interest and Fiscal Charges	0	8,704	8,704
<i>Total Expenditures</i>	<u>9,332,576</u>	<u>1,054,224</u>	<u>10,386,800</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(475,383)</u>	<u>5,473</u>	<u>(469,910)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	3,092	0	3,092
Transfers In	0	53,704	53,704
Transfers Out	(88,704)	0	(88,704)
<i>Total Other Financing Sources (Uses)</i>	<u>(85,612)</u>	<u>53,704</u>	<u>(31,908)</u>
<i>Net Change in Fund Balances</i>	(560,995)	59,177	(501,818)
<i>Fund Balances Beginning of Year</i>	<u>1,658,940</u>	<u>241,884</u>	<u>1,900,824</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,097,945</u></u>	<u><u>\$301,061</u></u>	<u><u>\$1,399,006</u></u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2005*

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**Net Change in Fund Balances - Total Governmental Funds** (\$501,818)

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

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

Capital Asset Additions	193,041	
Depreciation Expense	<u>(237,645)</u>	(44,604)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

Loss on Disposal of Capital Assets		(35,433)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Student Fees	331	
Grants	5,288	
Other	146	
Delinquent Taxes	<u>(193,741)</u>	(187,976)

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

35,000

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due:

Amortization of Issuance Costs		<u>(764)</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Intergovernmental Payable	97,012	
Vacation Benefits Payable	10,445	
Sick Leave Benefits Payable	<u>(66,201)</u>	<u>41,256</u>

*Change in Net Assets of Governmental Activities* (\$694,339)

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$5,555,650	\$5,726,147	\$5,731,762	\$5,615
Intergovernmental	2,728,000	2,585,515	2,588,050	2,535
Interest	60,000	105,136	105,239	103
Tuition and Fees	270,000	320,779	321,094	315
Miscellaneous	4,300	7,521	7,528	7
<i>Total Revenues</i>	<u>8,617,950</u>	<u>8,745,098</u>	<u>8,753,673</u>	<u>8,575</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,904,891	4,887,980	4,600,608	287,372
Special	736,332	742,847	706,916	35,931
Vocational	59,636	59,636	57,330	2,306
Support Services:				
Pupils	897,249	874,437	812,637	61,800
Instructional Staff	182,037	182,029	167,523	14,506
Board of Education	48,514	48,514	41,603	6,911
Administration	1,029,576	1,022,176	949,443	72,733
Fiscal	397,996	397,996	376,536	21,460
Business	2,000	2,000	1,995	5
Operation and Maintenance of Plant	1,007,643	1,048,998	1,041,717	7,281
Pupil Transportation	380,351	393,090	380,255	12,835
Central	490	40	0	40
Extracurricular Activities	176,060	176,060	158,114	17,946
Capital Outlay	67,500	67,500	64,180	3,320
<i>Total Expenditures</i>	<u>9,890,275</u>	<u>9,903,303</u>	<u>9,358,857</u>	<u>544,446</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,272,325)</u>	<u>(1,158,205)</u>	<u>(605,184)</u>	<u>553,021</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	4,188	4,192	4
Refund of Prior Year Expenditures	47,500	65,021	65,085	64
Advances In	5,000	0	0	0
Refund of Prior Year Receipts	(70,000)	(11,117)	(7)	11,110
Advances Out	(10,000)	(11,150)	(11,148)	2
Transfers Out	(44,000)	(88,705)	(88,704)	1
<i>Total Other Financing Sources (Uses)</i>	<u>(71,500)</u>	<u>(41,763)</u>	<u>(30,582)</u>	<u>11,181</u>
<i>Net Change in Fund Balance</i>	(1,343,825)	(1,199,968)	(635,766)	564,202
<i>Fund Balance Beginning of Year</i>	2,707,021	2,707,021	2,707,021	0
Prior Year Encumbrances Appropriated	80,783	80,783	80,783	0
<i>Fund Balance End of Year</i>	<u>\$1,443,979</u>	<u>\$1,587,836</u>	<u>\$2,152,038</u>	<u>\$564,202</u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**

*Statement of Fund Net Assets*

*Proprietary Fund*

*June 30, 2005*

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	<u>Business-Type Activity - Food Service Enterprise Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$31,129
Inventory Held for Resale	5,199
Materials and Supplies Inventory	1,690
Accounts Receivable	255
Internal Balance	<u>(10,000)</u>
<i>Total Current Assets</i>	28,273
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>94,005</u>
<i>Total Assets</i>	<u>122,278</u>
<b>Liabilities</b>	
Current Liabilities:	
Accrued Wages and Benefits	21,995
Intergovernmental Payable	<u>11,477</u>
<i>Total Current Liabilities</i>	33,472
Long-term Liabilities:	
Sick Leave Benefits Payable	<u>7,548</u>
<i>Total Liabilities</i>	<u>41,020</u>
<b>Net Assets</b>	
Invested in Capital Assets	94,005
Unrestricted (Deficit)	<u>(12,747)</u>
Total Net Assets	<u><u>\$81,258</u></u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2005*

	Business-Type Activity - Food Service <u>Enterprise Fund</u>
<b>Operating Revenues</b>	
Sales	<u>\$134,695</u>
<b>Operating Expenses</b>	
Salaries	101,274
Fringe Benefits	41,454
Purchased Services	3,224
Materials and Supplies	23,352
Cost of Sales	168,740
Depreciation	<u>2,174</u>
<i>Total Operating Expenses</i>	<u>340,218</u>
<i>Operating Loss</i>	<u>(205,523)</u>
<b>Non-Operating Revenues</b>	
Federal Donated Commodities	13,340
Interest	297
Federal and State Subsidies	<u>157,451</u>
<i>Total Non-Operating Revenues</i>	<u>171,088</u>
<i>Loss before Transfers</i>	(34,435)
Transfers In	<u>35,000</u>
<i>Net Change in Net Assets</i>	565
<i>Net Assets Beginning of Year</i>	<u>80,693</u>
<i>Net Assets End of Year</i>	<u><u>\$81,258</u></u>

See accompanying notes to the basic financial statements



**Belpre City School District, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2005

	Business-Type Activity - Food Service Enterprise Fund
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$134,571
Cash Payments to Suppliers for Goods and Services	(184,138)
Cash Payments for Employee Services	(102,478)
Cash Payments for Employee Benefits	(42,927)
	(194,972)
Net Cash Used for Operating Activities	(194,972)
<b>Cash Flows from Noncapital Financing Activities</b>	
Advances In	10,000
Transfers In	35,000
Operating Grants Received	157,451
	202,451
Net Cash Provided by Noncapital Financing Activities	202,451
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payments for Capital Acquisitions	(2,767)
	(2,767)
Net Cash Used for Capital and Related Financing Activities	(2,767)
<b>Cash Flows from Investing Activities</b>	
Interest	297
	297
<i>Net Decrease in Cash and Cash Equivalents</i>	5,009
<i>Cash and Cash Equivalents Beginning of Year</i>	26,120
<i>Cash and Cash Equivalents End of Year</i>	\$31,129
<b>Reconciliation of Operating Loss to Net</b>	
<b>Cash Used for Operating Activities</b>	
Operating Loss	(\$205,523)
Depreciation	2,174
Donated Commodities Received During Year	13,340
Changes in Assets and Liabilities:	
Increase in Inventory Held for Resale	(1,870)
Increase in Materials and Supplies Inventory	(292)
Increase in Accounts Receivable	(124)
Decrease in Accounts Payable	0
Decrease in Accrued Wages and Benefits Payable	(1,819)
Increase in Sick Leave Benefits Payable	(731)
Decrease in Intergovernmental Payable	(127)
	(194,972)
Net Cash Used for Operating Activities	(\$194,972)

Non-Cash Non-Capital Financing Transactions: During fiscal year 2005, the Food Service Enterprise Fund received \$13,340 in donated commodities.

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Fund*  
*June 30, 2005*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$34,248</u>
<b>Liabilities</b>	
Due to Students	<u>\$34,248</u>

See accompanying notes to the basic financial statements

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Note 1 - Description of the School District and Reporting Entity**

Belpre City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 63 classified employees and 100 certified personnel, who provide services to 1,298 students and other community members.

*Reporting Entity*

A 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. The School District has no component units.

The School District participates in four jointly governed organizations and one insurance purchasing pool. These organizations are the South Eastern Ohio Voluntary Education Cooperative, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, the South Eastern Ohio Special Education Regional Resource Center, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

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

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**A. Basis of Presentation**

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

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

**Fund Financial Statements** During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

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

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

**General Fund** The General Fund 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.

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

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Proprietary Fund Type** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no internal service funds.

**Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's only enterprise fund accounts for the operation of the School District's food service program.

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

**C. Measurement Focus**

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

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

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

**D. Basis of Accounting**

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

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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

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

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

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

Property taxes for which there was an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2005 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred revenue.

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

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

***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2005, investments were limited to certificates of deposit, which are reported at cost.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2005 amounted to \$105,239, which includes \$13,438 assigned from other School District funds.

The School District has a segregated bank account for athletic activities. This depository account is presented as “cash and cash equivalents in segregated accounts” since it is not deposited into the School District treasury.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

***G. Inventory***

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

***H. Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements. Capital assets utilized by the Food Service Enterprise Fund are reported both in the business-type activity column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated 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 possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

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

Description	Estimated Lives
Buildings and Land Improvements	30 – 150 years
Furniture and Equipment	10 – 50 years
Vehicles	20 years

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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***I. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets, except for any net residual amounts due between governmental and the business-type activity. These amounts are presented as "Internal Balances".

***J. Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include unexpended revenues restricted for the purchase of buses, amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional material and budget stabilization and unclaimed monies. See Note 20 for additional information regarding set-asides.

***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 liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances for most employees are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

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



**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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***M. Interfund Activity***

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

***N. Fund Balance Reserves***

The School District reserves those portions of fund balance 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. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, contributions, property taxes, bus purchase, budget stabilization, textbooks, and unclaimed monies.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies formerly required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

***O. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$716,607 of restricted net assets, of which \$451,215 are restricted by enabling legislation. Net assets restricted for other purposes include music and athletic programs, community education, and local, federal, and state grants restricted to expenditure for specified purposes.

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

***P. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

***Q. Extraordinary and Special Items***

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

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**R. Estimates**

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

**S. Budgetary Process**

All funds, other than agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. 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.

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

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

**Note 3 – Change in Accounting Principles**

For fiscal year 2005, the School District has implemented GASB Statement No. 40 "Deposit and Investment Risk Disclosures", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation," and GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers."

GASB Statement No. 40 modifies the disclosure requirement for deposit and investment risks.

GASB Statement No. 46 clarifies how legal enforceability should be applied for determining restricted net assets.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40, GASB Statement No. 46, and GASB Technical Bulletin No. 2004-2 had no effect on the School District's financial statements for fiscal year 2005.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Note 4 – Fund Deficits**

At June 30, 2005, the State Grants Special Revenue Fund had a fund deficit of \$9,242. The deficit resulted from adjustments for accrued liabilities. The General Fund is liable for any deficit in this fund and will provide operating transfers when cash is required, not when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance

GAAP Basis	(\$560,995)
Net Adjustment for Revenue Accruals	(37,335)
Prepaid Items:	
Beginning of Fiscal Year	889
End of Fiscal Year	(711)
Net Adjustment for Expenditure Accruals	67,044
Advances Out	(11,148)
Adjustment for Encumbrances	(93,510)
Budget Basis	<u><u>(\$635,766)</u></u>

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Note 6 - Deposits and Investments**

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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$2,497,381 of the School District's bank balance of \$2,693,350 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

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

### **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 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2003, on the assessed value listed as of January 1, 2004, 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 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 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.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three 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.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2005, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 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. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue is deferred. The amount available as an advance at June 30, 2005, was \$91,882 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2004, was \$49,362.

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$112,877,750	56.38%	\$128,165,670	56.99%
Public Utility Personal	7,183,680	3.59%	7,318,680	3.25%
Tangible Personal Property	80,147,940	40.03%	89,395,110	39.75%
<b>Total</b>	<b>\$200,209,370</b>	<b>100.00%</b>	<b>\$224,879,460</b>	<b>100.00%</b>
 Tax Rate per \$1,000 of assessed valuation	 \$35.12		 \$35.12	

**Note 8 - Receivables**

Receivables at June 30, 2005, consisted of property taxes, accounts (rent, student fees, and tuition), interfund, interest, 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. All receivables are expected to be collected within one year.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
IDEA-B	\$43,560
Student Intervention	12,307
Title I	55,536
E-Rate	9,245
Title IIA	9,182
Refunds	11,168
Total	\$140,998

**Note 9 - Interfund Activity**

***A. Transfers***

During fiscal year 2005, the General Fund transferred \$10,000 to the Athletic and Music Special Revenue Fund, \$43,704 to the Permanent Improvement Capital Projects Fund, and \$35,000 to the Lunchroom Enterprise Fund. The transfer to the Athletic and Music Fund was to cover additional expenditures of the program not covered by fees. The transfer to the Permanent Improvement Fund was made to help cover costs of improvements. The transfer to the Lunchroom Fund was made to help cover additional expenses of the program not covered by user fees and federal and state subsidies.

***B. Balances***

At June 30, 2005, the General Fund had an interfund receivable resulting from the provision of cash flow resources from the General Fund until the receipt of grant monies by Special Revenue Funds and to reduce a fund deficit in the Lunchroom Enterprise Fund.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$11,148	\$0
State Grants Special Revenue Fund	0	1,148
Lunchroom Enterprise Fund	0	10,000
Total All Funds	\$11,148	\$11,148

## **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 2005, the School District contracted with Indiana Insurance Company for property insurance and boiler and machinery coverage. Property damage is on a replacement cost basis for a blanket amount of \$25,590,100 on buildings and contents. The policies include a \$5,000 deductible.

Professional and general liability is protected by Indiana Insurance Company with a \$1,000,000 single occurrence limit with \$2,000,000 aggregate and \$5,000 deductible. Vehicles are covered also by Indiana Insurance Company and hold a \$1,000 deductible for both comprehensive and collision. Automobile liability has a \$1,000,000 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 2005, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). 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 - 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. Vacation days must be used by employees in the fiscal year following the fiscal year in which the benefit was earned. 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 238 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 57 days.



**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

**B. 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 \$975.88 for family and \$352.76 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 Met Insurance 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 \$43.38 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 \$12.50 for family and individual coverage.

**Note 12 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance 6/30/04	Additions	Reductions	Balance 6/30/05
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$1,232,814	\$0	\$0	\$1,232,814
Construction in Progress	10,000	31,775	(28,570)	13,205
Total capital assets not being depreciated	<u>1,242,814</u>	<u>31,775</u>	<u>(28,570)</u>	<u>1,246,019</u>
Capital assets being depreciated				
Buildings and Improvements	5,543,589	98,839	0	5,642,428
Furniture and Equipment	1,716,469	76,337	(134,256)	1,658,550
Vehicles	945,920	14,660	(114,011)	846,569
Total capital assets being depreciated	<u>8,205,978</u>	<u>189,836</u>	<u>(248,267)</u>	<u>8,147,547</u>
Accumulated depreciation				
Buildings and Improvements	(2,172,509)	(117,991)	0	(2,290,500)
Furniture and Equipment	(864,694)	(84,645)	125,983	(823,356)
Vehicles	(267,313)	(35,009)	86,851	(215,471)
Total accumulated depreciation	<u>(3,304,516)</u>	<u>(237,645)*</u>	<u>212,834</u>	<u>(3,329,327)</u>
Capital assets being depreciated, net	<u>4,901,462</u>	<u>(47,809)</u>	<u>(35,433)</u>	<u>4,818,220</u>
Governmental Activities capital assets, net	<u>\$6,144,276</u>	<u>(\$16,034)</u>	<u>(\$64,003)</u>	<u>\$6,064,239</u>
<b>Business-Type Activity:</b>				
Capital assets being depreciated				
Furniture and Fixtures	\$138,225	\$2,767	\$0	\$140,992
Less Accumulated Depreciation	(44,813)	(2,174)	0	(46,987)
Business-Type Activity capital assets, net	<u>\$93,412</u>	<u>\$593</u>	<u>\$0</u>	<u>\$94,005</u>

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$123,874
Special Instruction	9,407
Vocational	770
Support Services:	
Pupils	7,921
Instructional Staff	7,079
Board of Education	32
Administration	12,915
Fiscal	2,058
Operation and Maintenance of Plant	16,077
Pupil Transportation	36,632
Central	615
Extracurricular Activities	4,490
Operation of Non-Instructional Services	15,775
Total Depreciation Expense	<u><u>\$237,645</u></u>

During fiscal year 2005, materials and labor were contributed to the School District for a new gym floor. This contribution was valued at \$36,000 and recorded as a capital contribution.

### **Note 13 - Defined Benefit Pension Plans**

#### ***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined 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 10 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 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$158,079, \$130,039, and \$116,904, respectively; 44.20 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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***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, 2005, plan members were required to contribute 10 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 2004, the portion to fund pension obligations was also 13 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.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003, were \$591,206, \$617,758, and \$565,661, respectively; 82.10 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$4,551 made by the School District and \$13,378 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, 2005, four members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Note 14 - Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), 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.

STRS retirees who participated in the DB or Combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$45,477 for fiscal year 2005.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004 (latest information available), the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000 and STRS Ohio had 111,853 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. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

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, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. 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 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, the School District paid \$78,179 to fund health care benefits, including the surcharge.

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, 2004 (latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

**Note 15 - Long Term Obligations**

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

	Principal Outstanding 6/30/04	Additions	Reductions	Principal Outstanding 6/30/05	Amounts Due in One Year
<b>Governmental Activities</b>					
November 1, 2001, \$346,000					
Energy Conservation Loan - 4.5%	\$243,000	\$0	\$35,000	\$208,000	\$35,000
Sick Leave Benefits	556,867	102,911	36,710	623,068	16,180
Total Governmental Activities	<u>\$799,867</u>	<u>\$102,911</u>	<u>\$71,710</u>	<u>\$831,068</u>	<u>\$51,180</u>
<b>Business-Type Activity</b>					
Sick Leave Benefits	<u>\$8,379</u>	<u>\$0</u>	<u>\$831</u>	<u>\$7,548</u>	<u>\$0</u>

On November 1, 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.

Sick leave benefits will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, Federal Grants Special Revenue Fund, and the Food Service Enterprise Fund.

The overall debt margin of the School District as of June 30, 2005, was \$20,239,151, with an unvoted debt margin of \$224,879. Principal and interest requirements to retire the energy conservation loans outstanding at June 30, 2005, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$35,000	\$7,716	\$42,716
2007	35,000	6,418	41,418
2008	35,000	5,120	40,120
2009	35,000	3,822	38,822
2010	34,000	2,522	36,522
2011	34,000	1,262	35,262
Total	<u>\$208,000</u>	<u>\$26,860</u>	<u>\$234,860</u>

**Note 16 – Contractual Commitments**

As of June 30, 2005, the School District had contractual commitments for an elevator installation project at the middle school for \$34,950. The School District is reporting construction in progress for amounts already expended at June 30, 2005, for \$13,205.

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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**Note 17 - Jointly Governed Organizations**

***A. South Eastern Ohio Voluntary Education Cooperative (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 34 participants consisting of 30 school districts and 4 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 2005, the School District paid \$39,876 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, Athens, Ohio 45701.

***B. Washington County Career Center***

The Washington County Career Center, a joint vocational school, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the Washington County Educational Service Center's board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Career Center, Mary Bee, Treasurer, at 21740 SR 676, Marietta, Ohio 45750.

***C. Coalition of Rural and Appalachian Schools***

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various in-service training programs for school district administrative personnel; gathering of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$345 for fiscal year 2005.

***D. South Eastern Ohio Special Education Regional Resource Center (SEOSERRC)***

SEOSERRC is a special education regional resource 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, and 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. During fiscal year 2005, the School District paid \$4,778 to SEOSERRC. 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.

**Note 18 - 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 19 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2005.

***B. Litigation***

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

**Note 20 – Set-Asides**

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

**Belpre City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2005*

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

	Budget Stabilization	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2003	\$299,082	(\$341,400)	\$114,106
Current Year Set-aside Requirement	0	180,124	180,124
Contributions by the Board	2,991	0	0
Qualifying Disbursements	0	(199,742)	(145,088)
Total	<u>\$302,073</u>	<u>(\$361,018)</u>	<u>\$149,142</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$302,073</u>	<u>(\$341,400)</u>	<u>\$149,142</u>

The School District had qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

<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	\$ 0	\$ 13,340	\$	\$ 13,340
School Breakfast Program	10.553	05PU-2004 05PU-2005	6,235 31,229		6,235 31,229	
Total School Breakfast Program			37,464	0	37,464	0
National School Lunch Program	10.555	LLP4-2004 LLP4-2005	16,807 95,206		16,807 95,206	
Total National School Lunch Program			112,013	0	112,013	0
Total Nutrition Cluster			149,477	13,340	149,477	13,340
Total United States Department of Agriculture			149,477	13,340	149,477	13,340
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	84.010	C1S1-2004 C1S1-2005	(4,722) 287,372		30,881 284,657	
Total Title I Grants to Local Educational Agencies			282,650	0	315,538	0
Special Education - Grants to States	84.027	6BSF-2004 6BSF-2005	29,266 230,114		47,274 220,510	
Total Special Education - Grants to States			259,380	0	267,784	0
Safe and Drug Free Schools - Community Service Grant	84.184C	T4S1-2004P T4S1-2004			127 399	
Total Safe and Drug Free Schools - Community Service Grant			0	0	526	0
Safe and Drug-Free Schools and Communities - State Grants	84.186	DRS1-200 DRS1-2004 DRS1-2005	(87) 7,878		117 7,607	
Total Safe and Drug-Free Schools and Communities - State Grants			7,791	0	7,724	0
State Grants for Innovative Program	84.298	C2S1-200 C2S1-2004 C2S1-2005	(352) 2,951		2,840	
Total State Grants for Innovative Program			2,599	0	2,840	0
Education Technology State Grants	84.318	TJ-S1-2004 TJ-S1-2005	(1,512) 10,357		585 9,371	
Total Education Technology State Grants			8,845	0	9,956	0
Improving Teacher Quality State Grants	84.367	TRS1-2004 TRS1-2005			1,245 64,522	
Total Improving Teacher Quality State Grants			65,547	0	65,767	0
Total United States Department of Education			626,812	0	670,135	0
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$ 776,289</b>	<b>\$ 13,340</b>	<b>\$ 819,612</b>	<b>\$ 13,340</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 THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes 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 non-monetary 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**

During fiscal year 2005, the Ohio Department of Education (ODE) authorized the School District to carryover monies from the prior fiscal year to the current fiscal year. Authorized 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. A detailed listing of the carryovers is as follows:

CFDA Number	Program Title	Pass- Through Entity Number	Transfers Out	Transfers In
84.010	Title I Grants to Local Educational Agencies	C1S1-2004	\$ 9,226	
84.010	Title I Grants to Local Educational Agencies	C1S1-2005		\$ 9,226
84.186	Safe and Drug-Free Schools and Communities - State Grants	DRS1-2004	87	
84.186	Safe and Drug-Free Schools and Communities - State Grants	DRS1-2005		87
84.298	State Grants for Innovative Programs	C2S1-2004	352	
84.298	State Grants for Innovative Programs	C2S1-2005		352
84.318	Education Technology - State Grants	TJS1-2004	1,512	
84.318	Education Technology - State Grants	TJS1-2005		1,512
Totals			<u>\$ 11,177</u>	<u>\$ 11,177</u>



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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. In a separate letter to the School District's management dated December 16, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

**Compliance and Other Matters**

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

Belpre City School District  
Washington County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies and pass-through entities. It is not intended for 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

December 16, 2005



## Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the compliance of 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 apply to its major federal program for the year ended June 30, 2005. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2005.

#### **Internal Control Over Compliance**

The School District's management 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 directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Belpre City School District  
Washington County  
Independent Accountants' Report on Compliance with Requirements Applicable  
To Each Major Federal Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133

Our consideration of the internal controls over compliance would not necessarily disclose all matters in the internal controls that might be material weaknesses. A material weakness is a reportable 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, regulation, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies and pass-through entities. It is not intended for 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

December 16, 2005

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2005**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education – Grants to States – CFDA #84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.







**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 21, 2006**