



Mary Taylor, CPA  
Auditor of State



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

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio, as of June 30, 2009, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the School District was placed in Fiscal Caution by the Ohio Department of Education on February 23, 2004 due to the School District's declining financial condition. Note 22 to the financial statements describes management's current financial status. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 14, 2009

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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The discussion and analysis of St. Clairsville-Richland City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2009 are as follows:

- Net assets increased \$436,428.
- General revenues accounted for \$12,196,072 in revenue or 79 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$3,201,694 or 21 percent of total revenues of \$15,397,766.
- Total assets of governmental activities decreased by \$325,988 primarily due to a decrease in property taxes receivable and depreciation expense related to capital assets which were offset by increases in cash and cash equivalents. Liabilities decreased \$762,416 primarily due to debt service payments on long-term debt.
- The School District had \$14,961,338 in expenses related to governmental activities; only \$3,201,694 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues of \$12,196,072 were adequate to provide for these programs.
- The School District had two major funds, the General Fund and the Debt Service Fund. The General Fund had \$12,666,840 in revenues and \$12,458,897 in expenditures. Including other financing sources (uses), the General Fund's balance increased \$207,943. The Debt Service Fund had revenues in the amount of \$879,280 and expenditures in the amount of \$919,280 which resulted in a fund balance decrease of \$40,000.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand St. Clairsville-Richland 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 concerns.

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 nonmajor funds presented in total in one column. In the case of St. Clairsville-Richland City School District, the General Fund and the Debt Service Fund are the only major or significant funds.

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" 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.

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 whether, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

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

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

*Fund Financial Statements*

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

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



**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

**Reporting the District's Fiduciary Responsibilities**

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

**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 2009 compared to 2008.

Table 1  
Net Assets  
Governmental Activities

	2009	2008	Change
<b>Assets</b>			
Current and Other Assets	\$13,067,779	\$13,235,883	(\$168,104)
Capital Assets	8,566,684	8,724,568	(157,884)
<b>Total Assets</b>	<b>21,634,463</b>	<b>21,960,451</b>	<b>(325,988)</b>
<b>Liabilities</b>			
Long-Term Liabilities	4,991,320	5,712,111	(720,791)
Other Liabilities	8,532,606	8,574,231	(41,625)
<b>Total Liabilities</b>	<b>13,523,926</b>	<b>14,286,342</b>	<b>(762,416)</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Debt	4,771,035	4,181,206	589,829
Restricted	1,410,686	1,677,671	(266,985)
Unrestricted	1,928,816	1,815,232	113,584
<b>Total Net Assets</b>	<b>\$8,110,537</b>	<b>\$7,674,109</b>	<b>\$436,428</b>

Total assets decreased \$325,988, primarily due to a decrease in property taxes receivable and depreciation expense related to capital assets which were offset by increases in cash and cash equivalents. Long-term liabilities decreased due to debt service payments on long-term debt, and other liabilities decreased due primarily to increases in wage costs and decreases in deferred revenue.

Overall net assets of the School District's governmental activities increased by \$436,428. This increase was partially due to the reduction of expenses below revenues as well as increases in invested in capital assets, net of debt due primarily due to the reduction of long-term liabilities through annual debt service payments. In addition, the School District's restricted net assets decreased due to less grant funding. The School District currently has \$1,928,816 in unrestricted net assets compared to unrestricted net assets of \$1,815,232 in the prior fiscal year.

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

Table 2 shows the changes in net assets for fiscal year 2009 compared to fiscal year 2008.

Table 2 Changes in Net Assets Governmental Activities			
	2009	2008	Change
<b>Revenues</b>			
<i>Program Revenue</i>			
Charges for Services and Sales	\$1,626,249	\$1,443,053	\$183,196
Operating Grants and Contributions	1,552,254	1,517,458	34,796
Capital Grants and Contributions	23,191	6,189	17,002
<b>Total Program Revenue</b>	<b>3,201,694</b>	<b>2,966,700</b>	<b>234,994</b>
<i>General Revenue</i>			
Property Taxes	7,116,997	7,296,920	(179,923)
Grants and Entitlements	4,921,628	4,747,371	174,257
Gifts and Donations	6,143	3,590	2,553
Investment Earnings	59,908	193,391	(133,483)
Gain on Sale of Capital Assets	0	176,450	(176,450)
Miscellaneous	91,396	164,364	(72,968)
<b>Total General Revenue</b>	<b>12,196,072</b>	<b>12,582,086</b>	<b>(386,014)</b>
<b>Total Revenues</b>	<b>15,397,766</b>	<b>15,548,786</b>	<b>(151,020)</b>
<b>Program Expenses</b>			
Instruction:			
Regular	6,691,209	6,580,573	110,636
Special	1,594,068	1,379,897	214,171
Vocational	28,590	24,830	3,760
Support Services:			
Pupil	697,790	646,925	50,865
Instructional Staff	649,227	563,401	85,826
Board of Education	24,821	27,069	(2,248)
Administration	1,076,028	1,029,200	46,828
Fiscal	474,332	469,791	4,541
Operation and Maintenance of Plant	1,340,058	1,160,516	179,542
Pupil Transportation	715,008	843,645	(128,637)
Central	256,091	245,523	10,568
Operation of Non-Instructional Services	161,069	230,918	(69,849)
Food Service Operations	475,496	446,962	28,534
Extracurricular Activities	562,973	624,346	(61,373)
Interest and Fiscal Charges	214,578	228,812	(14,234)
<b>Total Expenses</b>	<b>14,961,338</b>	<b>14,502,408</b>	<b>458,930</b>
Change in Net Assets	436,428	1,046,378	(609,950)
Net Assets Beginning of Year	7,674,109	6,627,731	1,046,378
<b>Net Assets End of Year</b>	<b>\$8,110,537</b>	<b>\$7,674,109</b>	<b>\$436,428</b>

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

***Governmental Activities***

Property taxes made up approximately 46 percent of revenues for the School District in fiscal year 2009. Charges for services program revenue increased \$183,196 from the prior year due to an increase in special education students attending the School District from neighboring School Districts, and an increase in preschool tuition.

Instruction comprises approximately 56 percent of governmental program expenses, and reflected a \$328,567 increase from fiscal year 2008. Overall, program expenses of the School District increased by \$458,930, with the largest increase being reflected in special instruction. These increases were offset by reductions in pupil transportation and operation of non-instructional services.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for fiscal year 2009 compared to fiscal year 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction:				
Regular	\$6,691,209	\$6,580,573	\$5,510,832	\$5,453,123
Special	1,594,068	1,379,897	947,493	757,538
Vocational	28,590	24,830	23,149	20,369
Support Services				
Pupil	697,790	646,925	654,363	602,322
Instructional Staff	649,227	563,401	423,817	387,282
Board of Education	24,821	27,069	24,821	27,069
Administration	1,076,028	1,029,200	999,855	949,630
Fiscal	474,332	469,791	385,605	469,791
Operation and Maintenance of Plant	1,340,058	1,160,516	1,328,807	1,160,516
Pupil Transportation	715,008	843,645	703,068	827,141
Central	256,091	245,523	241,540	233,978
Operation of Non-Instructional Services	161,069	230,918	(6,502)	39,142
Food Service Operations	475,496	446,962	40,886	36,281
Extracurricular Activities	562,973	624,346	267,332	342,714
Interest and Fiscal Charges	214,578	228,812	214,578	228,812
Total Expenses	<u>\$14,961,338</u>	<u>\$14,502,408</u>	<u>\$11,759,644</u>	<u>\$11,535,708</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 78 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities general revenue support is approximately 79 percent.

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

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**The School District's Funds**

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. Total Governmental funds had \$15,506,100 in revenues and \$15,512,625 in expenditures. The total Governmental funds balance decreased \$6,525.

**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 2009 the School District amended its general fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final budget. The actual results of operations were significantly different than budgeted amounts as taxes and intergovernmental revenue came in higher than estimates and spending in most categories were lower than budgeted appropriations.

***Capital Assets and Debt Administration***

***Capital Assets***

At the end of fiscal 2009 the School District had \$8,566,684 invested in land, buildings, furniture and equipment and vehicles. Table 5 shows fiscal 2009 balances compared to 2008:

Table 4  
 Capital Assets Net of Depreciation  
 Government Activities

	2009	2008
Land	\$700,855	\$700,855
Buildings and Improvements	6,842,175	7,034,356
Furniture and Equipment	688,396	670,976
Vehicles	335,258	318,381
Totals	\$8,566,684	\$8,724,568

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

**Debt**

At June 30, 2009 the School District had \$4,325,559 outstanding in general obligation bonds, including premiums, discounts, accretions, and energy conservation loans with \$803,588 due within one year.

Moody's downgraded their rating of Financial Guaranty Insurance Company (FGIC), the School District's bond insurer, four times in 2008 and on March 24, 2009 downgraded FGIC to Caa3 and will withdraw ratings. See Note 15 to the basic financial statements for more information.

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*Unaudited*

Table 5 summarizes bonds and notes outstanding:

Table 5  
 Outstanding Debt at Year End  
 Government Activities

	2009	2008
2002 School Improvement and Construction		
General Obligation Bonds		
Serial Bonds	\$3,500,000	\$4,245,000
Capital Appreciation Bonds	119,111	119,111
Bond Premium	146,504	190,425
Bond Discount	(9,125)	(11,864)
Capital Appreciation Bond Accretion of Interest	337,698	260,035
2005 Energy Conservation Loan	231,371	250,533
Total	\$4,325,559	\$5,053,240

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

**Economic Factors**

St. Clairsville-Richland City School District has achieved **EXCELLENT** School status as awarded by the Ohio Department of Education for the past school year. The School District is committed to maintaining that status as it faces the challenge of maintaining fiscal solvency. As the preceding information shows, the School District heavily depends on its property taxpayers rather than state funding. Future local tax revenues will be adversely affected by elimination of the tangible personal property tax.

Based on the most recent Board approved five year forecast, the School District will be challenged to maintain financial stability in future years. This forecast projects deficit spending from Fiscal Year 2010 through Fiscal Year 2013, which will eliminate the carryover fund balance of the School District at the end of Fiscal Year 2009. The Board of Education and administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

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

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

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**St. Clairsville-Richland City School District**

*Statement of Net Assets*

*June 30, 2009*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,846,237
Intergovernmental Receivable	493,333
Prepaid Items	22,007
Materials and Supplies Inventory	51,568
Property Taxes Receivable	7,423,233
Cash and Cash Equivalents with Fiscal Agents	185,693
Deferred Charges	45,708
Non-Depreciable Capital Assets	700,855
Depreciable Capital Assets, Net	<u>7,865,829</u>
<i>Total Assets</i>	<u>21,634,463</u>
<b>Liabilities</b>	
Accounts Payable	35,545
Accrued Wages and Benefits Payable	1,281,260
Intergovernmental Payable	430,054
Contracts Payable	69,425
Accrued Interest Payable	11,491
Claims Payable	18,368
Retainage Payable	65,853
Deferred Revenue	6,620,610
Long-Term Liabilities:	
Due Within One Year	876,240
Due In More Than One Year	<u>4,115,080</u>
<i>Total Liabilities</i>	<u>13,523,926</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	4,771,035
Restricted for:	
Capital Projects	234,254
Debt Service	694,320
Set Asides	11,425
Bus Purchase	8,363
State Programs	52,729
Federal Programs	290,341
Other Purposes	119,254
Unrestricted	<u>1,928,816</u>
<i>Total Net Assets</i>	<u><u>\$8,110,537</u></u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$6,691,209	\$1,089,146	\$91,231	\$0	(\$5,510,832)
Special	1,594,068	80,000	566,575	0	(947,493)
Vocational	28,590	0	5,441	0	(23,149)
Support Services:					
Pupil	697,790	0	43,427	0	(654,363)
Instructional Staff	649,227	0	225,410	0	(423,817)
Board of Education	24,821	0	0	0	(24,821)
Administration	1,076,028	0	76,173	0	(999,855)
Fiscal	474,332	0	88,727	0	(385,605)
Operation and Maintenance of Plant	1,340,058	0	0	11,251	(1,328,807)
Pupil Transportation	715,008	0	0	11,940	(703,068)
Central	256,091	0	14,551	0	(241,540)
Operation of Non-Instructional Services	161,069	0	167,571	0	6,502
Food Service Operations	475,496	184,613	249,997	0	(40,886)
Extracurricular Activities	562,973	272,490	23,151	0	(267,332)
Interest and Fiscal Charges	214,578	0	0	0	(214,578)
<i>Total Governmental Activities</i>	<u>\$14,961,338</u>	<u>\$1,626,249</u>	<u>\$1,552,254</u>	<u>\$23,191</u>	<u>(11,759,644)</u>
<b>General Revenues</b>					
					6,342,042
					774,955
					4,921,628
					6,143
					59,908
					91,396
<i>Total General Revenues</i>					<u>12,196,072</u>
					436,428
<i>Net Assets Beginning of Year</i>					<u>7,674,109</u>
<i>Net Assets End of Year</i>					<u><u>\$8,110,537</u></u>

See accompanying notes to the basic financial statements



**St. Clairsville-Richland City School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2009*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,487,917	\$763,491	\$498,188	\$4,749,596
Cash and Cash Equivalents with Fiscal Agents	185,693	0	0	185,693
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	30,788	0	65,853	96,641
Receivables:				
Property Taxes	6,614,122	809,111	0	7,423,233
Intergovernmental	80,000	0	413,333	493,333
Interfund	61,174	0	0	61,174
Prepaid Items	22,007	0	0	22,007
Materials and Supplies Inventory	46,584	0	4,984	51,568
<i>Total Assets</i>	<u>\$10,528,285</u>	<u>\$1,572,602</u>	<u>\$982,358</u>	<u>\$13,083,245</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$16,975	\$0	\$18,570	\$35,545
Contracts Payable	69,425	0	0	69,425
Accrued Wages and Benefits	1,170,347	0	110,913	1,281,260
Claims Payable	18,368	0	0	18,368
Interfund Payable	0	0	61,174	61,174
Intergovernmental Payable	383,654	0	46,400	430,054
Retainage Payable	0	0	65,853	65,853
Deferred Revenue	6,347,828	765,887	248,060	7,361,775
<i>Total Liabilities</i>	<u>8,006,597</u>	<u>765,887</u>	<u>550,970</u>	<u>9,323,454</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	419,539	0	129,020	548,559
Reserved for Property Taxes	346,294	43,224	0	389,518
Reserved for Textbook and Instructional Materials	11,425	0	0	11,425
Reserved for Bus Purchases	8,363	0	0	8,363
Reserved for Underground Storage Tank	11,000	0	0	11,000
Unreserved, Undesignated, Reported in:				
General Fund	1,725,067	0	0	1,725,067
Special Revenue Funds	0	0	83,279	83,279
Debt Service Fund	0	763,491	0	763,491
Capital Projects Funds	0	0	219,089	219,089
<i>Total Fund Balances</i>	<u>2,521,688</u>	<u>806,715</u>	<u>431,388</u>	<u>3,759,791</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$10,528,285</u>	<u>\$1,572,602</u>	<u>\$982,358</u>	<u>\$13,083,245</u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2009*

**Total Governmental Fund Balances** \$3,759,791

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

Capital assets used in governmental activities are not financial  
resources and therefore are deferred in the funds. 8,566,684

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

Grants	248,060	
Property Taxes	413,105	
Tuition and Fees	80,000	
Total		741,165

Unamortized issuance costs represent deferred charges which  
do not provide current financial resources and, therefore, are  
not reported in the funds. 45,708

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

General Obligation Serial Bonds	3,500,000	
Bond Premium	146,504	
Bond Discount	(9,125)	
General Obligation Capital Appreciation Bonds	119,111	
Capital Appreciation Bond Accretion	337,698	
Energy Conservation Loan	231,371	
Compensated Absences	665,761	
Accrued Interest Payable	11,491	
Total		(5,002,811)

*Net Assets of Governmental Activities* \$8,110,537

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$6,442,011	\$778,877	\$0	\$7,220,888
Intergovernmental	4,987,035	88,727	1,409,373	6,485,135
Interest	47,059	11,676	1,173	59,908
Tuition and Fees	1,010,931	0	0	1,010,931
Extracurricular Activities	0	0	271,190	271,190
Rent	0	0	1,300	1,300
Gifts and Donations	6,143	0	62,230	68,373
Charges for Services	112,366	0	184,613	296,979
Miscellaneous	61,295	0	30,101	91,396
<i>Total Revenues</i>	<u>12,666,840</u>	<u>879,280</u>	<u>1,959,980</u>	<u>15,506,100</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,404,682	0	109,732	6,514,414
Special	1,066,177	0	503,475	1,569,652
Vocational	11,257	0	0	11,257
Support Services:				
Pupil	642,618	0	46,242	688,860
Instructional Staff	365,665	0	261,393	627,058
Board of Education	22,138	0	0	22,138
Administration	958,623	0	89,212	1,047,835
Fiscal	450,855	17,974	0	468,829
Operation and Maintenance of Plant	1,301,639	0	20,026	1,321,665
Pupil Transportation	723,255	0	9,426	732,681
Central	240,351	0	14,000	254,351
Operation of Non-Instructional Services	0	0	161,069	161,069
Food Service Operations	0	0	455,935	455,935
Extracurricular Activities	242,304	0	315,247	557,551
Capital Outlay	0	0	148,691	148,691
Debt Service:				
Principal Retirement	19,162	745,000	0	764,162
Interest and Fiscal Charges	10,171	156,306	0	166,477
<i>Total Expenditures</i>	<u>12,458,897</u>	<u>919,280</u>	<u>2,134,448</u>	<u>15,512,625</u>
<i>Net Change in Fund Balances</i>	207,943	(40,000)	(174,468)	(6,525)
<i>Fund Balances Beginning of Year</i>	<u>2,313,745</u>	<u>846,715</u>	<u>605,856</u>	<u>3,766,316</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,521,688</u></u>	<u><u>\$806,715</u></u>	<u><u>\$431,388</u></u>	<u><u>\$3,759,791</u></u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Reconciliation of the Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2009*

**Net Change in Fund Balances - Total Governmental Funds** (\$6,525)

*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 depreciation exceeded capital outlay in the current period.

Capital Assets Additions	279,273	
Depreciation	(432,651)	
Total	(153,378)	(153,378)

Capital Assets removed from the capital asset account on the statement of net assets results in a gain or loss on disposal of capital assets on the statement of activities (4,506)

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

Grants	(50,292)	
Tuition and Fees	45,849	
Property Taxes	(103,891)	
Total	(108,334)	(108,334)

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

General Obligation Bonds	745,000	
Energy Conservation Loan	19,162	
Total	764,162	764,162

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

Accrued Interest	2,090	
Accretion on Capital Appreciation Bonds	(77,663)	
Total	(75,573)	(75,573)

Issuance costs are reported as an expenditure when paid in the governmental funds, but are amortized on the statement of activities. (13,710)

Bond premiums are reported as other financing sources in the government funds, but are allocated as an expense over the life of the bonds on the statement of activities. 43,921

Bond Discounts are reported as other financing uses in government funds, but are allocated as an expense over the life of the bonds. (2,739)

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

Compensated Absences	(6,890)	
Total	(6,890)	(6,890)

*Changes in Net Assets of Governmental Activities* \$436,428

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2009*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property Taxes	\$5,826,486	\$6,222,000	\$6,472,321	\$250,321
Intergovernmental	5,086,494	4,759,480	4,987,035	227,555
Interest	45,625	80,000	47,059	(32,941)
Tuition and Fees	1,031,092	951,100	1,010,931	59,831
Gifts and Donations	6,266	500	6,143	5,643
Charges for Services	140,855	105,000	112,366	7,366
Miscellaneous	28,182	46,920	61,295	14,375
<i>Total Revenues</i>	<u>12,165,000</u>	<u>12,165,000</u>	<u>12,697,150</u>	<u>532,150</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,977,496	6,622,304	6,451,297	171,007
Special	983,047	1,028,190	1,011,104	17,086
Vocational	7,730	14,387	11,257	3,130
Support Services:				
Pupil	605,603	657,624	654,638	2,986
Instructional Staff	323,742	374,282	367,780	6,502
Board of Education	16,227	25,324	22,359	2,965
Administration	940,866	1,040,398	1,012,237	28,161
Fiscal	469,528	519,506	450,470	69,036
Operation and Maintenance of Plant	1,243,871	1,496,948	1,475,224	21,724
Pupil Transportation	948,506	899,067	826,345	72,722
Central	247,070	278,870	239,683	39,187
Extracurricular Activities	187,883	254,928	241,464	13,464
Debt Service:				
Principal Retirement	18,400	19,162	19,162	0
Interest and Fiscal Charges	11,100	11,100	10,171	929
<i>Total Expenditures</i>	<u>12,981,069</u>	<u>13,242,090</u>	<u>12,793,191</u>	<u>448,899</u>
Excess of Revenues Under Expenditures	<u>(816,069)</u>	<u>(1,077,090)</u>	<u>(96,041)</u>	<u>981,049</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	86,838	86,838
Transfers Out	(400,000)	(169,992)	0	169,992
Advances Out	0	0	(61,174)	(61,174)
Total Other Financing Sources (Uses)	<u>(400,000)</u>	<u>(169,992)</u>	<u>25,664</u>	<u>195,656</u>
<i>Net Change in Fund Balance</i>	(1,216,069)	(1,247,082)	(70,377)	1,176,705
<i>Fund Balance Beginning of Year</i>	2,957,303	2,957,303	2,957,303	0
Prior Year Encumbrances Appropriated	356,484	356,484	356,484	0
<i>Fund Balance End of Year</i>	<u>\$2,097,718</u>	<u>\$2,066,705</u>	<u>\$3,243,410</u>	<u>\$1,176,705</u>

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2009*

	Private Purpose Trust Fund	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$10,339	\$34,279
<i>Total Assets</i>	10,339	\$34,279
<b>Liabilities</b>		
Undistributed Monies	0	\$7,484
Due to Students	0	26,795
<i>Total Liabilities</i>	0	\$34,279
<b>Net Assets</b>		
Held in Trust for Scholarships	10,339	
<i>Total Net Assets</i>	\$10,339	

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2009*

	Private Purpose Trust Fund
<b>Additions</b>	
Interest	\$130
<i>Change in Net Assets</i>	130
<i>Net Assets Beginning of Year</i>	10,209
<i>Net Assets End of Year</i>	\$10,339

See accompanying notes to the basic financial statements

**St. Clairsville-Richland City School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2007*

	Private Purpose Trust Fund
<b>Additions</b>	
Contributions and Donations	\$1,000
Interest	539
	1,539
<b>Deductions</b>	
Scholarships Awarded	500
	1,039
<i>Change in Net Assets</i>	1,039
<i>Net Assets Beginning of Year</i>	9,744
	10,783
	\$10,783

See accompanying notes to the basic financial statements

See accountant's compilation report



**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

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

The St. Clairsville-Richland City School District (the School District) is a body politic and corporate established for the purpose of exercising rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by state and federal agencies. The Board controls the School District's five instructional/support facilities staffed by 53 noncertificated, 112 certificated teaching personnel, and 9 administrators who provide services to 1,670 students and other community members.

On February 23, 2004, the School District was declared to be in a state of "Fiscal Caution" by the Ohio Department of Education based on the 5 year forecast. The School District was subsequently required to submit a fiscal caution proposal to the Ohio Department of Education designed to avoid a potential deficit in fiscal years 2004 and 2005. The proposal was submitted by the School District on April 23, 2004 and accepted by the Ohio Department of Education on May 12, 2004. The School District currently remains in a state of "Fiscal Caution", at the request of the School District. See Note 22 for further details.

**Reporting Entity**

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

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

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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The School District participates in the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA), the Educational Regional Service System Region 12 (ERSS), the Coalition of Rural and Appalachian Schools (CORAS), and the Belmont-Harrison Vocational School District, which are jointly governed organizations, the Ohio School Plan, which is defined as an insurance purchasing pool, and the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan which is defined as a claims servicing pool. The School District is associated with the St. Clairsville Public Library which is defined as a related organization. These organizations are presented in Notes 16, 17, and 18 to the basic financial statements.

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

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

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net 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 statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business type activities.

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

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

## St. Clairsville-Richland City School District

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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### **B. Fund Accounting**

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

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

**General Fund** The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

**Debt Service Fund** The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

**Fiduciary Fund Types** Fiduciary fund reporting focuses on net 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. The School District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student activities and assets held by the School District as an agent for outside activities.

### **C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the 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 generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been 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 have also been reported as deferred revenue.

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

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**E. Cash and Cash Equivalents**

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

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

During fiscal year 2009, investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$47,059, which includes \$12,465 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash and cash equivalents.

**F. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State Statute to be set-aside by the School District for the purchase of buses, the purchase of textbooks and other instructional materials, and for restricted cash related to the underground storage tank. See Note 20 for additional information regarding set-asides. Restricted assets in the other governmental funds are for amounts withheld on construction contracts until the successful completion of the contract.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**I. Capital Assets**

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Buildings and Improvements	15-50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	5-10 years

**J. Interfund Balances**

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

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

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

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

**M. Bond Premiums, Discounts, and Issuance Costs**

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

Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds. Any gain/loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the period in which the debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**N. Interfund Activity**

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

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

**O. Fund Balance 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, property taxes, textbook and instructional materials, bus purchases, and cash held as required for underground storage tank deductibles.

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 textbooks and instructional materials is for amounts required to be set-aside by State Statute for the purchase of these materials. The reserve for bus purchase is for state funds required to be utilized for the purchase of school buses.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**P. 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 the enabling legislation enacted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources from local sources restricted to expenditures for student programs and underground storage tank deductibles. Of the total restricted net assets, none has resulted from enabling legislation.

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

**Q. Extraordinary and Special Items**

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

**R. Estimates**

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

**S. Budgetary Data**

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

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

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



**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2009, St. Clairsville-Richland City School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations, GASB Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, GASB Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, and GASB Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”.

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 52 requires endowments, including permanent funds, to report land and other real estate investments at fair value, and to report the changes in fair value as investment income. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board’s (GASB) authoritative literature. The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board’s (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants’ Statements on Auditing Standards. The implementation of this statement did not result in any change to the financial statements.

**NOTE 4 – FUND DEFICIT**

At June 30, 2009, the following fund had a deficit fund balance:

	Deficit
	<u>Fund Balance</u>
Food Service Special Revenue Fund	\$6,130

The deficit in the Food Service special revenue fund is due to the application of generally accepted accounting principals. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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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).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	<u>General</u>
GAAP Basis	\$207,943
Revenue Accruals	30,310
Advances In	86,838
Expenditure Accruals	126,694
Advances Out	(61,174)
Encumbrances	<u>(460,988)</u>
Budget Basis	<u><u>(\$70,377)</u></u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
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.

At June 30, 2009, the School District's General Fund had a balance of \$185,693 with OME-RESA, a claims servicing pool (See Note 17). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,667,935 of the School District's bank balance of \$2,917,935 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 requirements 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.

## **St. Clairsville-Richland City School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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#### Investments

As of June 30, 2009, the School District had an investment in STAROhio. The fair value of the STAROhio investment was \$2,014,767, and the investment has an average maturity of 58.1 days.

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

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

#### **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 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, 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 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 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 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$346,294 in the General Fund and \$43,224 in the Debt Service Fund. The amount available as an advance at June 30, 2008, was \$376,604 in the General Fund and \$46,353 in the Debt Service Fund.

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 has been deferred.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second - Half Collections		2009 First - Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Estate	\$325,621,000	95.21%	\$329,564,860	96.96%
Public Utility Personal	9,495,400	2.78%	10,347,100	3.04%
General Business Property	6,866,635	2.01%	0	0.00%
Total	<u>\$341,983,035</u>	<u>100.00%</u>	<u>\$339,911,960</u>	<u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation	 \$35.19		 \$34.75	

The County Auditor reduced the tax rate for the Debt Service levy by \$.44.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2009, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$413,105 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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	<u>Amounts</u>
<b>Governmental Activities:</b>	
Excess Cost Reimbursement	\$80,000
Alternative Education Challenge Grant	15,334
IDEA - Part B	115,236
Title II-A	17,722
Title I	263,174
Title II-D	1,133
Safe and Drug Free Community Grant	734
Total	<u><u>\$493,333</u></u>

**NOTE 9 - INTERNAL BALANCES**

Interfund balances at June 30, 2009, consist of the following interfund receivables and payables:

	<u>Interfund Receivable</u>
<u>Interfund Payable</u>	<u>General Fund</u>
Other Nonmajor Governmental Funds	<u><u>\$61,174</u></u>

The loans made to the Title I, Miscellaneous State, and Miscellaneous Federal Grants Special Revenue Funds were made to support the programs until federal and state grant monies are received.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

**NOTE 10 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<u>Government Activities:</u>				
Non Depreciable Assets:				
Land	\$700,855	\$0	\$0	\$700,855
Total Non Depreciable Assets	<u>700,855</u>	<u>0</u>	<u>0</u>	<u>700,855</u>
Depreciable Assets:				
Buildings and Improvements	12,041,672	76,100	0	12,117,772
Furniture, Fixtures, and Equipment	1,447,844	103,944	0	1,551,788
Vehicles	<u>965,901</u>	<u>99,229</u>	<u>(78,978)</u>	<u>986,152</u>
Total Depreciable Capital Assets	<u>14,455,417</u>	<u>279,273</u>	<u>(78,978)</u>	<u>14,655,712</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,007,316)	(268,281)	0	(5,275,597)
Furniture, Fixtures, and Equipment	(776,868)	(86,524)	0	(863,392)
Vehicles	<u>(647,520)</u>	<u>(77,846)</u>	<u>74,472</u>	<u>(650,894)</u>
Total	<u>(6,431,704)</u>	<u>(432,651)</u>	<u>74,472</u>	<u>(6,789,883)</u>
Depreciable Capital Assets, Net	<u>8,023,713</u>	<u>(153,378)</u>	<u>(4,506)</u>	<u>7,865,829</u>
Governmental Activities Capital Assets, Net	<u><u>\$8,724,568</u></u>	<u><u>(\$153,378)</u></u>	<u><u>(\$4,506)</u></u>	<u><u>\$8,566,684</u></u>

Depreciation Expense was charged to governmental functions as follows:

Instruction:	
Regular	\$172,937
Special	35,123
Vocational	17,333
Support Services:	
Pupil	8,517
Instructional Staff	21,962
Board of Education	2,683
Administration	23,204
Fiscal	5,366
Maintenance	38,006
Transportation	81,212
Central	1,671
Food Service Operations	19,422
Extracurricular	<u>5,215</u>
Total	<u><u>\$432,651</u></u>

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**NOTE 11 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009 the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17). The St. Clairsville City School District contracted with the Ohio School Plan for property and inland marine coverage, general liability, and for fleet insurance. Coverage provided by OSP follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$43,867,574
<i>Automotive Liability:</i>	
Bodily Injury and Property Damage	2,000,000
Uninsured Motorist (\$1,000 deductible)	1,000,000
Medical Payments Limit (each accident)	5,000
<i>Physical Damage Comprehensive:</i>	
Buses	1,000
All Other	250
<i>Physical Damage Collision:</i>	
Buses	1,000
All Other	500
<i>Educational General Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	3,000,000
Medical Payments Limit	10,000
<i>Employee Benefits Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

The School District pays the State a rate per \$100 of salaries for workers' compensation. The School District contracts with Comp Services to provide administrative assistance for workers compensation.

The School District is a member of the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool through which dental coverage is provided to employees. Of the total monthly premiums of \$60.99, \$57.03 are paid by the Board, and \$3.96 are paid by the employees to the fiscal agent who in turn pays the claims on the School District's behalf. All employees are offered dental coverage through the self-insured program.

The School District reports the program in the General Fund. The claims liability of \$18,368 reported in the General Fund at June 30, 2009 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.



**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2008	\$15,726	\$163,760	\$167,083	\$12,403
2009	12,403	77,688	71,723	18,368

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**B. Other Insurance**

In addition to the dental self-insured coverage offered, the School District offers all employees medical/surgical and prescription drug insurance coverage through Anthem, a Preferred Provider Organization. The Anthem monthly rate is \$1,173.14 for a family plan and \$469.26 for a single plan. The Board of Education pays approximately 94 percent of the premiums. The School District also provides life insurance and accidental death and dismemberment insurance to all employees from Met Life Insurance Company in an amount of \$20,000 per employee. The Board pays 100 percent of the monthly premiums of \$2.90 for this coverage.

**C. Retirement Incentive**

The School District offers a retirement incentive, in the amount of \$10,000, to any teacher, otherwise eligible for retirement through STRS, who by June 30 had up to, but not in excess of 30 years of service, and who, by April 15, submits a letter of retirement to the Board, through the Treasurer, to be effective June 30. At June 30, 2009 there was no liability for this benefit and no one qualified for this incentive during fiscal year 2009.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 43215-3746.

## **St. Clairsville-Richland City School District**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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Funding Policy - 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 2009, 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$158,152, \$127,805, and \$184,919 respectively; 51.59 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

### **B. State Teachers Retirement System**

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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

Funding Policy - For the fiscal year ended June 30, 2009, 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 2008, the portion used 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 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$774,555, \$732,204, and \$679,738 respectively; 85.29 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$26,363 made by the School District and \$35,004 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 of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$72,377, \$58,321, and \$57,664 respectively; 51.59 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$13,049, \$9,209, and \$11,811 respectively; 51.59 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 \$60,615, \$56,860, and \$59,565 respectively; 85.29 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**NOTE 15 - LONG TERM OBLIGATIONS**

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

	Outstanding		Outstanding		Amounts
	6/30/08	Additions	Reductions	6/30/09	Due Within
					One Year
<b><u>Governmental Activities:</u></b>					
2002 School Improvement and Construction					
General Obligation Bonds - \$7,944,111					
Serial Bonds - \$7,825,000 @ 1.95%-4.15%	\$4,245,000	\$0	\$745,000	\$3,500,000	\$785,000
Premium - \$483,132	190,425	0	43,921	146,504	0
Discount - \$30,124	(11,864)	2,739	0	(9,125)	0
Capital Appreciation Bond - \$119,111 @ 4.77%	119,111	0	0	119,111	0
Accretion of Interest - \$920,889 @ 19.6%	260,035	77,663	0	337,698	0
<b>Total General Obligation Bonds</b>	<b>4,802,707</b>	<b>80,402</b>	<b>788,921</b>	<b>4,094,188</b>	<b>785,000</b>
2005 Energy Conservation					
Loan - \$325,000 @ 4.05-6.00%	250,533	0	19,162	231,371	18,588
Compensated Absences Payable	658,871	111,804	104,914	665,761	72,652
<b>Total Governmental Activities</b>	<b>\$5,712,111</b>	<b>\$192,206</b>	<b>\$912,997</b>	<b>\$4,991,320</b>	<b>\$876,240</b>

On March 24, 2009 Financial Guaranty Insurance Company (FGIC), the bond insurer for several current debt issues, was downgraded by Moody’s Investor Services from Caa1 to Caa3 and Moody’s will withdraw ratings. This downgrade came after Moody’s had previously downgraded FGIC from B1 to Caa1 on December 19, 2008; from Baa3 to B1 on June 20, 2008; from A3 to Baa3 on March 31, 2008; and from Aaa to A3 on February 14, 2008.

The downgrade of a bond insurer may not, in and by itself, create an immediate default under the bond indentures or other bond documents or cause any reallocation of rights or responsibilities among parties;

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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however, it will likely have an adverse effect on the value of the bonds as they are traded in the secondary market.

The School District and/or obligated person, as provided under 17 C.F.R. 240.15c2-12, did not timely file with the Nationally Recognized Municipal Security Information Repositories (NRMSIRs) a Material Event Notice referencing to the relevant transactions and rating downgrades which had occurred.

*2002 School Improvement and Construction General Obligation Bonds* - On April 15, 2002 the School District issued \$7,944,111 in general obligation school facilities construction and improvement bonds to retire bond anticipation notes that had been issued for construction and improvement of School District facilities. The School District received \$8,407,772 in proceeds, which included a \$483,132 premium on the capital appreciation bonds and \$10,653 in accrued interest. Costs associated with the bond issue amounted to \$150,812 and the serial bonds were issued at a \$30,124 discount. The bond premium, the discount, and the bond issuance costs will be amortized over the life of the issue. The fiscal year 2009 amortization of the premium, discount, and issuance costs were \$43,921, \$2,739, and \$13,710, respectively. The bond issue consists of serial bonds and a capital appreciation bond. The bonds were issued for an eleven year period with a final maturity at December 1, 2012 and the bonds have varying interest rates ranging from 1.95 percent to 4.15 percent. The general obligation bonds will be retired with the proceeds of a 2.94 mill levy approved in May 2001. The principal and interest payments will be recorded in the Debt Service Fund. The bonds are not subject to redemption prior to stated maturity.

The capital appreciation bonds were sold at a discount of \$920,889, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is December 1, 2013. At maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as a liability. The maturity amount of the bond is \$1,040,000. The accretion recorded for fiscal year 2009 is \$77,663 for a total bond liability of \$456,809. The accretion will continue to be recorded on a straight-line basis over the life of the bonds.

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Accretion/</u> <u>Interest</u>	<u>Total</u>
2010	\$785,000	\$126,637	\$911,637
2011	855,000	93,837	948,837
2012	905,000	58,186	963,186
2013	955,000	19,817	974,817
2014	119,111	920,889	1,040,000
	<u>\$3,619,111</u>	<u>\$1,219,366</u>	<u>\$4,838,477</u>

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

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

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$18,588	\$12,626	\$31,214
2011	19,577	11,637	31,214
2012	20,619	10,595	31,214
2013	21,716	9,498	31,214
2014	22,871	8,343	31,214
2015-2019	128,000	25,047	153,047
	<u>\$231,371</u>	<u>\$77,746</u>	<u>\$309,117</u>

The overall debt margin of the School District as of June 30, 2009 was \$27,729,777 with an unvoted debt margin of \$339,357. Compensated absences will be paid from the General Fund.

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

*Ohio Mid Eastern Regional Educational Service Agency* - The Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State Statutes. OME-RESA participants consist of school districts and county educational service centers. OME-RESA provides financial accounting services, educational management information, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a governing board which is selected by the member districts. Each district has one vote in all matters, and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the governing board. OME-RESA has no outstanding debt. During fiscal year 2009, the total amount paid to OME-RESA from the School District was \$65,710 for cooperative gas purchasing services and \$15,507 for educational management information and internet access. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

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

## **St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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*Coalition of Rural and Appalachian Schools (CORAS)* - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$300 for fiscal year 2009.

*The Belmont-Harrison Vocational School District* - The Belmont-Harrison Vocational School District, a joint vocational school, is a jointly governed organization providing vocational services to its member school districts. The School District is governed by a board of education comprised of members appointed from each of the participating schools' boards of education. The board controls the financial activity of the School District and reports to the Ohio Department of Education and the Auditor of State of Ohio.

### **NOTE 17 – PUBLIC ENTITY POOLS**

#### **A. Insurance Purchasing Pool**

*Ohio School Plan* – The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hayre Insurance Agency and a partner of the Hylant Group, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

#### **B. Claims Servicing Pool**

*The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan* - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. All participating members retain their risk and the Plan acts as the claims servicing agent.

**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**NOTE 18 – RELATED ORGANIZATION**

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

**NOTE 19 – CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

**B. Litigation**

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

Pursuant to State statute, the Board of Education expended all of the amounts previously set-aside for the budget reserve.

Effective June 30, 2005, through Amended Substitute House Bill 66, School Districts that are declared to be in Fiscal Caution, may either reduce or eliminate the set-aside, provided that the Districts apply and receive approval from the Ohio Department of Education. The St. Clairsville-Richland City School District remained in Fiscal Caution during fiscal year 2009, but did not request a waiver of the set-aside requirement for fiscal year 2009.



**St. Clairsville-Richland City School District**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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

	Textbooks	Capital Improvements
Set-aside Reserve Balance as of June 30, 2008	\$70,232	\$0
Current Year Set-aside Requirement	256,848	256,848
Qualifying Disbursements	(315,655)	(362,414)
Totals	<u>\$11,425</u>	<u>(\$105,566)</u>
Allowable Carry Forward Expenditures from Debt Proceeds for Fiscal Year 2009	N/A	0
Allowable Carry Forward at June 30, 2008	N/A	(7,754,874)
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$11,425</u>	<u>(\$7,754,874)</u>
Set-aside Reserve Balance as of June 30, 2009	<u>\$11,425</u>	<u>\$0</u>

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

**NOTE 21 – SUBSEQUENT EVENTS**

The School District has been approved for \$663,241 of Federal Stimulus dollars as part of The American Recovery and Reinvestment Act of 2009. These allocations are primarily to fund special education programs. The allocations will be available to fund fiscal year 2010 programs.

**NOTE 22 – FINANCIAL POSITION**

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

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<b>FEDERAL GRANTOR/ Pass-Through Grantor Program Title</b>	Pass-through Entity Number	Federal CFDA Number	Receipts	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed-Through Ohio Department of Education.</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program - Food Donation	N/A	10.555	\$21,095	\$21,095
Cash Assistance:				
School Breakfast Program	045997-05PU-09	10.553	67,509	67,509
National School Lunch Program	045997-LLP4-09	10.555	154,644	154,644
Total Cash Assistance			<u>222,153</u>	<u>222,153</u>
Total U.S. Department of Agriculture/Child Nutrition Cluster			243,248	243,248
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed-Through Ohio Department of Education.</i>				
Title I Grants to Local Educational Agencies	045997-C1S1-08 045997-C1S1-09 045997-C1SD-08 045997-C1SD-09	84.010	30,000 174,728 66,334 <u>98,636</u>	34,554 169,395 55,234 <u>90,446</u>
Total Title I Grants to Local Educational Agencies			369,698	349,629
Special Education, Grants to States	045997-6BSF-08 045997-6BSF-09	84.027	65,000 <u>368,868</u>	53,534 <u>383,024</u>
Total Special Education, Grants to States			433,868	436,558
Safe and Drug-Free Schools and Communities, State Grants	045997-DRS1-08 045997-DRS1-09	84.186	691 <u>4,543</u>	909 <u>4,334</u>
Total Safe and Drug-Free Schools and Communities, State Grants			5,234	5,243
Innovative Education Program Strategies	045997-C2S1-09	84.298	2,346	2,346
Education Technology State Grants	045997-TJS1-08 045997-TJS1-09	84.318	1,433 <u>1,349</u>	0 <u>1,496</u>
Total Education Technology State Grants			2,782	1,496
Improving Teacher Quality State Grants	045997-TRS1-08 045997-TRS1-09	84.367	11,000 <u>71,846</u>	12,384 <u>78,280</u>
Total Improving Teacher Quality State Grants			<u>82,846</u>	<u>90,664</u>
Total U.S. Department of Education			<u>896,774</u>	<u>885,936</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$1,140,022</u></b>	<b><u>\$1,129,184</u></b>

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

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the School District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The School District reports commodities consumed on the Schedule at the fair value.



# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major funds and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 14, 2009, wherein we noted the School District was placed in Fiscal Caution by the Ohio Department of Education on February 23, 2004 due to a declining financial condition. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's 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*.

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

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

**Mary Taylor, CPA**  
Auditor of State

December 14, 2009



# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Education:

#### Compliance

We have audited the compliance of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. 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, 2009.

#### Internal Control Over Compliance

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

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
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A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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.



**Mary Taylor, CPA**  
Auditor of State

December 14, 2009



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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

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

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

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board of Education, solely to assist the Board of Education in evaluating whether the St. Clairsville-Richland City School District (the School District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on October 8, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than this specified party.



**Mary Taylor, CPA**  
Auditor of State

December 14, 2009



Mary Taylor, CPA  
Auditor of State

ST. CLAIRSVILLE RICHLAND CITY SCHOOL DISTRICT

BELMONT COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 5, 2010