



Dave Yost • Auditor of State



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Belpre City School District  
Washington County  
2014 Rockland Avenue  
Belpre, Ohio 45714

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2012, 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 Belpre City School District, Washington County, Ohio, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information 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. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

December 14, 2012

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)

The management's discussion and analysis of the Belpre 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, 2012. 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 basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets of governmental activities increased \$72,732.
- General revenues accounted for \$8,681,339 in revenue or 79.35% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,259,906 or 20.65% of total revenues of \$10,941,245.
- The School District had \$10,868,513 in expenses related to governmental activities; only \$2,259,906 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,681,339 were adequate to provide for these programs.
- The School District's major governmental fund is the General Fund. The General Fund had \$9,233,761 in revenues and \$9,019,801 in expenditures. During fiscal year 2012, the General Fund's fund balance increased \$213,960 from a balance of \$674,231 to a balance of \$888,191.

**Using the Basic Financial Statements**

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

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 the School District, the General Fund is the most significant fund, and the only governmental fund reported as a major fund.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)

**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 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take 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 that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, and food service operations.

The School District's Statement of Net Assets and Statement of Activities can be found on pages 13-14 of this report.

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

***Fund Financial Statements***

The analysis of the School District's major governmental funds begins on page 9. 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 only major governmental fund is the general fund.

***Governmental Funds***

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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* than can readily be converted to cash. The governmental fund financial 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 basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)

***Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-48 of this report.

**The School District as a Whole**

The table below provides a summary of the School District's net assets at June 30, 2012 and June 30, 2011:

	<b>Net Assets</b>	
	Governmental Activities 2012	Governmental Activities 2011
<b><u>Assets</u></b>		
Current and other assets	\$ 5,822,791	\$ 6,264,745
Capital assets, net	<u>5,894,826</u>	<u>6,021,723</u>
Total assets	<u>11,717,617</u>	<u>12,286,468</u>
<b><u>Liabilities</u></b>		
Current liabilities	4,379,930	4,964,302
Long-term liabilities	<u>511,520</u>	<u>568,731</u>
Total liabilities	<u>4,891,450</u>	<u>5,533,033</u>
<b><u>Net Assets</u></b>		
Invested in capital assets	5,894,826	6,021,723
Restricted	114,151	510,981
Unrestricted	<u>817,190</u>	<u>220,731</u>
Total net assets	<u>\$ 6,826,167</u>	<u>\$ 6,753,435</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the School District's assets exceeded liabilities by \$6,826,167.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

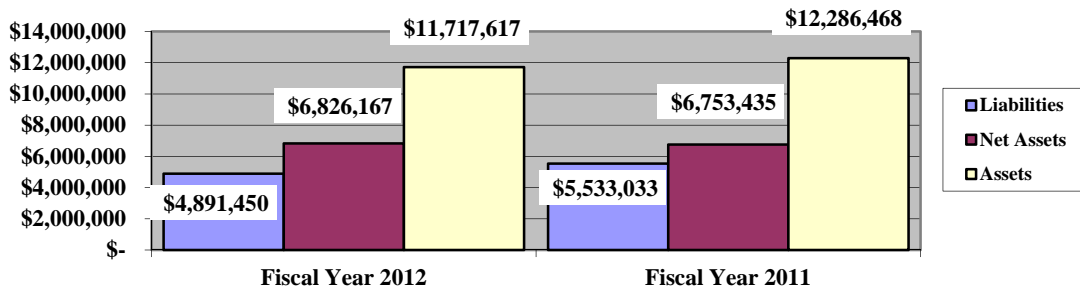
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)

At year-end, capital assets represented 50.31% of total assets. Capital assets include land, buildings and improvements, furniture, fixtures and equipment and vehicles. Capital assets at June 30, 2012, were \$5,894,826. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the School District's net assets, \$114,151, represents resources that are subject to external restriction on how they may be used. The School District had a remaining balance of unrestricted net assets of \$817,190.

The table below provides a summary of the School District's assets, liabilities and net assets for 2011 and 2012:

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2012 and 2011:

**Change in Net Assets**

	Governmental Activities 2012	Governmental Activities 2011
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 695,826	\$ 592,902
Operating grants and contributions	1,564,080	2,836,629
General revenues:		
Property taxes	3,425,930	3,216,120
Grants and entitlements	5,196,732	5,201,790
Investment earnings	32,036	52,616
Other	26,641	28,565
Total revenues	<u>10,941,245</u>	<u>11,928,622</u>

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)

**Change in Net Assets**

	<u>Governmental Activities 2012</u>	<u>Governmental Activities 2011</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 3,328,016	\$ 3,289,911
Special	1,772,465	1,812,599
Vocational	172	185
Other	819,230	833,889
Support services:		
Pupil	1,062,429	1,029,622
Instructional staff	514,374	659,569
Board of education	55,097	62,971
Administration	757,065	897,342
Fiscal	376,093	386,592
Business	2,244	1,491
Operations and maintenance	1,024,995	1,250,411
Pupil transportation	405,643	396,648
Central	1,757	1,619
Operations of non-instructional:		
Food service operations	468,630	447,488
Other non-instructional services	-	1,095
Extracurricular activities	280,303	281,595
Interest and fiscal charges	-	1,043
Total expenses	<u>10,868,513</u>	<u>11,354,070</u>
Change in net assets	72,732	574,552
Net assets at beginning of year	<u>6,753,435</u>	<u>6,178,883</u>
Net assets at end of year	<u>\$ 6,826,167</u>	<u>\$ 6,753,435</u>

**Governmental Activities**

Net assets of the School District's governmental activities increased \$72,732. Total governmental expenses of \$10,868,513 were offset by program revenues of \$2,259,906 and general revenues of \$8,681,339. Program revenues supported 20.79% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 78.81% of total governmental revenue. Real estate property is reappraised every six years.

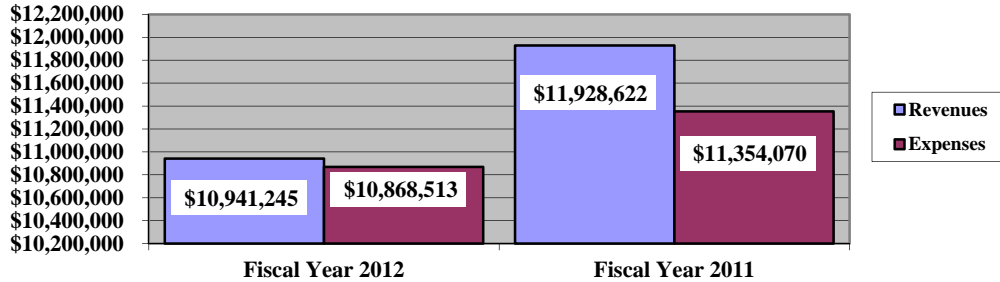
The largest expense of the School District is for instructional programs. Instruction expenses totaled \$5,919,883 or 54.47% of total governmental expenses for fiscal year 2012.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)

The graph below presents the School District's governmental activities revenue and expenses for fiscal years 2012 and 2011:

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
<b>Program expenses</b>				
Instruction:				
Regular	\$ 3,328,016	\$ 2,744,508	\$ 3,289,911	\$ 2,314,238
Special	1,772,465	871,644	1,812,599	486,323
Vocational	172	(537)	185	(524)
Other	819,230	819,230	833,889	810,180
Support services:				
Pupil	1,062,429	1,019,969	1,029,622	996,821
Instructional staff	514,374	362,375	659,569	235,027
Board of education	55,097	55,097	62,971	62,971
Administration	757,065	751,201	897,342	838,098
Fiscal	376,093	376,093	386,592	386,592
Business	2,244	2,244	1,491	1,491
Operations and maintenance	1,024,995	1,013,026	1,250,411	1,237,762
Pupil transportation	405,643	385,130	396,648	376,258
Central	1,757	1,757	1,619	(4,478)
Operation of non-instructional:				
Food service operations	468,630	18,030	447,488	(8,585)
Other non-instructional services	-	-	1,095	1,095
Extracurricular activities	280,303	188,840	281,595	190,227
Interest and fiscal charges	-	-	1,043	1,043
<b>Total expenses</b>	<u>\$ 10,868,513</u>	<u>\$ 8,608,607</u>	<u>\$ 11,354,070</u>	<u>\$ 7,924,539</u>

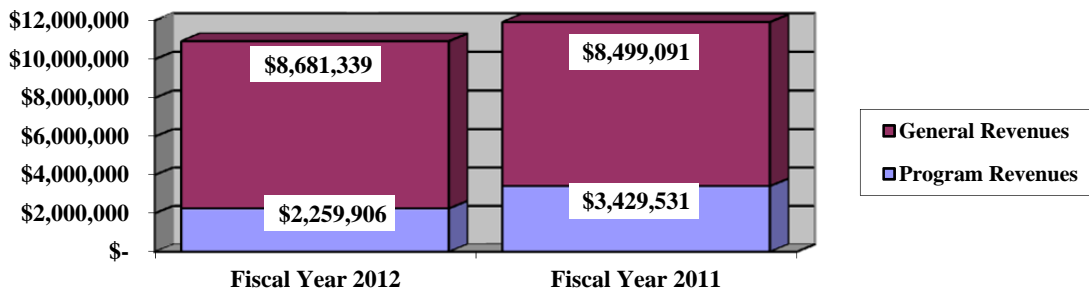
**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)

The dependence upon tax and other general revenues for governmental activities is apparent, 74.91% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.21%. The School District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the School District's students.

The graph below presents the School District's governmental activities revenue for fiscal years 2012 and 2011.

**Governmental Activities - General and Program Revenues**



**The School District's Funds**

The School District's governmental funds (as presented on page 15) reported a combined fund balance of \$874,893 which is higher than last year's balance of \$629,739. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	Fund Balance (deficit) <u>June 30, 2012</u>	Fund Balance (deficit) <u>June 30, 2011</u>	<u>Increase</u>
General	\$ 888,191	\$ 674,231	\$ 213,960
Other Governmental	<u>(13,298)</u>	<u>(44,492)</u>	<u>31,194</u>
Total	<u>\$ 874,893</u>	<u>\$ 629,739</u>	<u>\$ 245,154</u>

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)

***General Fund***

The School District's General Fund's fund balance increased by \$213,960.

	2012 <u>Amount</u>	2011 <u>Amount</u>	Increase/ (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 3,331,759	\$ 3,168,901	\$ 162,858	5.14 %
Tuition and fees	483,547	383,499	100,048	26.09 %
Earnings on investments	32,015	52,536	(20,521)	(39.06) %
Intergovernmental	5,352,747	5,479,386	(126,639)	(2.31) %
Other revenues	<u>33,693</u>	<u>40,456</u>	<u>(6,763)</u>	(16.72) %
Total	<u>\$ 9,233,761</u>	<u>\$ 9,124,778</u>	<u>\$ 108,983</u>	1.19 %
<b><u>Expenditures</u></b>				
Instruction	\$ 4,931,630	\$ 4,501,939	\$ 429,691	9.54 %
Support services	3,894,483	4,059,233	(164,750)	(4.06) %
Extracurricular activities	172,474	166,448	6,026	3.62 %
Facilities acquisition and construction	<u>21,214</u>	<u>233,556</u>	<u>(212,342)</u>	(90.92) %
Total	<u>\$ 9,019,801</u>	<u>\$ 8,961,176</u>	<u>\$ 58,625</u>	0.65 %

Revenues of the General Fund increased \$108,983, or 1.19%. The most significant increase was in the area of tuition and fees. Tuition and fees increased \$100,048, or 26.09% due to an increase of open enrollment students in the School District. Earnings on investments decreased \$20,521, or 39.06%, due to a decrease in interest earned on investments. Other revenues decreased \$6,763, or 16.72%. This is mainly due to a decrease of miscellaneous extracurricular revenues being received by the School District. All other revenues remained comparable to prior years.

Expenditures of the General Fund increased \$58,625 or 0.65%. The most significant increase was in the area of instruction. Instruction expenditures increased \$429,691 or 9.54% due mainly to more expenditures being recorded out of the General Fund than other governmental funds than in prior years. The \$212,342 or 90.92% decrease in facilities acquisition and construction is due to various improvement projects being completed throughout the School District in the prior fiscal year. All other expenditures remained comparable to prior years.

***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.

For the General Fund, final budgeted revenues and other financing sources were \$9,201,020, which was less than the original budgeted revenues and other financing sources estimate of \$9,495,250. Actual revenues and other financing sources for fiscal year 2012 were \$9,205,223. This represents a \$4,203 increase from final budgeted revenues.

General Fund original appropriations (appropriated expenditures plus other financing uses) of \$9,795,481 were decreased to \$9,687,750 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$9,611,286, which was \$76,464 less than the final budget appropriations.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2012, the School District had \$5,894,826 invested in land, buildings and improvements, furniture, fixtures and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2012 balances compared to June 30, 2011:

	<b>Capital Assets at June 30 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 1,232,814	\$ 1,232,814
Building and improvements	3,283,482	3,356,791
Furniture and equipment	915,122	928,314
Vehicles	<u>463,408</u>	<u>503,804</u>
Total	<u>\$ 5,894,826</u>	<u>\$ 6,021,723</u>

The overall decrease in capital assets of \$126,897 is primarily due to the depreciation expense of \$231,752 exceeding the additions of \$118,643 and disposals assets cost of \$36,280 exceeding accumulated depreciation of \$22,492 for fiscal year 2012.

See Note 8 to the basic financial statements for additional information on the School District's capital assets.

***Debt Administration***

At June 30, 2012, the School District had no debt outstanding.

At June 30, 2012, the School District's overall legal debt margin was \$13,588,099 and the unvoted debt margin was \$150,979. See Note 9 to the basic financial statements for additional information on the School District's debt administration.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Unaudited)**

**Current Financial Related Activities**

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

The School District faces many challenges in today's environment and does not anticipate any meaningful growth in State revenue due to uncertainties surrounding the State budget and the State's unwillingness to adequately support school Districts with higher property valuations per pupil. The School District relies heavily on its taxpayers to support its operations and asked the community in November 2009, to renew an Emergency Levy that will expire on December 31, 2014. The levy passed.

Based upon the current financial situation, with the renewal of the Emergency Levy, the School District will be able to maintain financial stability through 2014 by trimming expenses and living within the means provided. In fiscal year 2013, the School District's Tangible Personal Property Tax Reimbursement from the State will be reduced by 2%. Upon reviewing the School District's five-year forecast, deficit spending is projected in every forecasted year and will erode the cash balance by fiscal year 2015.

The School District is reviewing current programs and will use attrition as much as possible to reduce future costs. The classified and certified staff rolled over their negotiated agreements through 2014.

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Eva Yeager, Treasurer at Belpre City School District, 2014 Rockland Avenue, Belpre, Ohio 45714, or E-Mail at [bc\\_eyeaager@belpre.k12.oh.us](mailto:bc_eyeaager@belpre.k12.oh.us).



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 1,706,517
Investments. . . . .	2,500
Receivables:	
Property taxes . . . . .	3,755,801
Accounts. . . . .	2,316
Intergovernmental . . . . .	322,084
Accrued interest . . . . .	2
Materials and supplies inventory . . . . .	29,667
Inventory held for resale. . . . .	3,904
Capital assets:	
Land . . . . .	1,232,814
Depreciable capital assets, net. . . . .	4,662,012
Capital assets, net . . . . .	<u>5,894,826</u>
 Total assets. . . . .	 <u>11,717,617</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	60,152
Accrued wages and benefits . . . . .	784,147
Pension obligation payable. . . . .	234,455
Intergovernmental payable . . . . .	56,040
Unearned revenue . . . . .	3,245,136
Long-term liabilities:	
Due within one year. . . . .	42,236
Due in more than one year. . . . .	469,284
 Total liabilities . . . . .	 <u>4,891,450</u>
<b>Net Assets:</b>	
Invested in capital assets. . . . .	5,894,826
Restricted for:	
Permanent fund - expendable . . . . .	2
Permanent fund - nonexpendable . . . . .	4,474
Locally funded programs . . . . .	16,097
State funded programs. . . . .	6,175
Federally funded programs . . . . .	51,948
Student activities . . . . .	27,669
Other purposes . . . . .	7,786
Unrestricted . . . . .	<u>817,190</u>
 Total net assets . . . . .	 <u>\$ 6,826,167</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 3,328,016	\$ 464,647	\$ 118,861	\$ (2,744,508)
Special . . . . .	1,772,465	18,900	881,921	(871,644)
Vocational . . . . .	172	-	709	537
Other . . . . .	819,230	-	-	(819,230)
Support services:				
Pupil . . . . .	1,062,429	-	42,460	(1,019,969)
Instructional staff . . . . .	514,374	-	151,999	(362,375)
Board of education . . . . .	55,097	-	-	(55,097)
Administration . . . . .	757,065	-	5,864	(751,201)
Fiscal . . . . .	376,093	-	-	(376,093)
Business . . . . .	2,244	-	-	(2,244)
Operations and maintenance . . . . .	1,024,995	4,474	7,495	(1,013,026)
Pupil transportation . . . . .	405,643	-	20,513	(385,130)
Central . . . . .	1,757	-	-	(1,757)
Operation of non-instructional services:				
Food service operations . . . . .	468,630	121,041	329,559	(18,030)
Extracurricular activities . . . . .	280,303	86,764	4,699	(188,840)
Totals . . . . .	<u>\$ 10,868,513</u>	<u>\$ 695,826</u>	<u>\$ 1,564,080</u>	<u>(8,608,607)</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				3,425,930
Grants and entitlements not restricted to specific programs . . . . .				5,196,732
Investment earnings . . . . .				32,036
Miscellaneous . . . . .				26,641
Total general revenues . . . . .				<u>8,681,339</u>
Change in net assets . . . . .				72,732
<b>Net assets at beginning of year . . . . .</b>				<u>6,753,435</u>
<b>Net assets at end of year . . . . .</b>				<u>\$ 6,826,167</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,610,809	\$ 89,764	\$ 1,700,573
Investments. . . . .	-	2,500	2,500
Receivables:			
Property taxes . . . . .	3,755,801	-	3,755,801
Accounts . . . . .	2,316	-	2,316
Intergovernmental. . . . .	119,180	202,904	322,084
Accrued interest . . . . .	-	2	2
Interfund loans . . . . .	42,564	-	42,564
Materials and supplies inventory. . . . .	27,922	1,745	29,667
Inventory held for resale . . . . .	-	3,904	3,904
Restricted assets:			
Equity in pooled cash and cash equivalents . . . . .	5,944	-	5,944
Total assets . . . . .	<u>\$ 5,564,536</u>	<u>\$ 300,819</u>	<u>\$ 5,865,355</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 45,947	\$ 14,205	\$ 60,152
Accrued wages and benefits. . . . .	629,919	154,228	784,147
Pension obligation payable . . . . .	200,974	33,481	234,455
Compensated absences payable . . . . .	18,568	-	18,568
Interfund loans payable. . . . .	-	42,564	42,564
Intergovernmental payable . . . . .	47,820	8,220	56,040
Deferred revenue . . . . .	487,981	61,419	549,400
Unearned revenue. . . . .	3,245,136	-	3,245,136
Total liabilities. . . . .	<u>4,676,345</u>	<u>314,117</u>	<u>4,990,462</u>
<b>Fund Balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	27,922	5,649	33,571
Permanent fund . . . . .	-	4,474	4,474
Restricted:			
Extracurricular . . . . .	-	27,669	27,669
Targeted academic assistance . . . . .	-	2,369	2,369
Other purposes. . . . .	1,842	22,413	24,255
School bus purchases. . . . .	5,944	-	5,944
Committed:			
Capital improvements . . . . .	-	5,078	5,078
Facilities acquisition and construction . . . . .	116,369	-	116,369
Assigned:			
Student instruction . . . . .	9,564	-	9,564
Student and staff support. . . . .	107,983	-	107,983
Subsequent year appropriation . . . . .	226,243	-	226,243
Public school support . . . . .	17,958	-	17,958
Uniform school supplies . . . . .	2	-	2
Adult education. . . . .	2,388	-	2,388
Unassigned (deficit) . . . . .	371,976	(80,950)	291,026
Total fund balances . . . . .	<u>888,191</u>	<u>(13,298)</u>	<u>874,893</u>
Total liabilities and fund balances. . . . .	<u>\$ 5,564,536</u>	<u>\$ 300,819</u>	<u>\$ 5,865,355</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012

<b>Total governmental fund balances</b>		\$	874,893
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,894,826
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	368,801	
Accrued interest receivable		2	
Intergovernmental receivable		180,597	
Total		180,597	549,400
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.			(492,952)
<b>Net assets of governmental activities</b>		\$	6,826,167

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 3,331,759	\$ -	\$ 3,331,759
Tuition . . . . .	463,362	-	463,362
Earnings on investments . . . . .	32,015	406	32,421
Charges for services . . . . .	-	122,472	122,472
Extracurricular . . . . .	4,009	82,755	86,764
Classroom materials and fees . . . . .	20,185	-	20,185
Rental income . . . . .	3,043	-	3,043
Contributions and donations . . . . .	-	1,250	1,250
Other local revenues . . . . .	26,641	4,996	31,637
Intergovernmental - State . . . . .	5,343,895	65,277	5,409,172
Intergovernmental - Federal . . . . .	8,852	1,547,571	1,556,423
Total revenues . . . . .	<u>9,233,761</u>	<u>1,824,727</u>	<u>11,058,488</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	3,045,350	236,889	3,282,239
Special . . . . .	1,067,050	710,727	1,777,777
Other . . . . .	819,230	-	819,230
Support services:			
Pupil . . . . .	1,028,073	41,099	1,069,172
Instructional staff . . . . .	269,102	239,355	508,457
Board of education . . . . .	55,646	-	55,646
Administration . . . . .	796,491	6,917	803,408
Fiscal . . . . .	371,949	-	371,949
Business . . . . .	2,244	-	2,244
Operations and maintenance . . . . .	984,111	8,571	992,682
Pupil transportation . . . . .	385,487	-	385,487
Central . . . . .	1,380	-	1,380
Operation of non-instructional services:			
Food service operations . . . . .	-	458,872	458,872
Extracurricular activities . . . . .	172,474	91,103	263,577
Facilities acquisition and construction . . . . .	21,214	-	21,214
Total expenditures . . . . .	<u>9,019,801</u>	<u>1,793,533</u>	<u>10,813,334</u>
Net change in fund balances . . . . .	213,960	31,194	245,154
<b>Fund balances (deficit)</b>			
at beginning of year . . . . .	674,231	(44,492)	629,739
Fund balances at end of year . . . . .	<u>\$ 888,191</u>	<u>\$ (13,298)</u>	<u>\$ 874,893</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Net change in fund balances - total governmental funds** \$ 245,154

*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 depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$	118,643	
Current year depreciation		(231,752)	
Total			(113,109)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (13,788)

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

Property taxes		94,171	
Earnings on investments		(15)	
Intergovernmental		(215,460)	
Total			(121,304)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 75,779

**Change in net assets of governmental activities** \$ 72,732

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 3,586,355	\$ 3,311,297	\$ 3,311,297	\$ -
Tuition . . . . .	412,000	463,362	463,362	-
Earnings on investments . . . . .	55,000	27,812	32,015	4,203
Classroom materials and fees . . . . .	16,000	11,047	11,047	-
Rental income . . . . .	2,000	3,043	3,043	-
Other local revenues . . . . .	16,500	13,719	13,719	-
Intergovernmental - state . . . . .	5,382,395	5,343,895	5,343,895	-
Intergovernmental - federal . . . . .	15,000	8,852	8,852	-
Total revenues . . . . .	<u>9,485,250</u>	<u>9,183,027</u>	<u>9,187,230</u>	<u>4,203</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,292,113	3,243,857	3,233,509	10,348
Special . . . . .	1,106,674	1,090,309	1,086,974	3,335
Other . . . . .	830,095	817,380	815,318	2,062
Support services:				
Pupil . . . . .	1,053,658	1,044,797	1,034,901	9,896
Instructional staff . . . . .	270,713	267,897	265,894	2,003
Board of education . . . . .	65,018	65,727	63,861	1,866
Administration . . . . .	861,300	850,633	845,968	4,665
Fiscal . . . . .	402,337	396,923	395,175	1,748
Business . . . . .	739	1,150	726	424
Operations and maintenance . . . . .	1,128,668	1,127,233	1,108,576	18,657
Pupil transportation . . . . .	411,862	418,267	404,530	13,737
Central . . . . .	2,172	2,140	2,133	7
Extracurricular activities . . . . .	170,049	167,302	167,022	280
Facilities acquisition and construction . . . . .	140,077	137,583	137,583	-
Total expenditures . . . . .	<u>9,735,475</u>	<u>9,631,198</u>	<u>9,562,170</u>	<u>69,028</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(250,225)</u>	<u>(448,171)</u>	<u>(374,940)</u>	<u>73,231</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	10,000	17,993	17,993	-
Refund of prior year's receipts . . . . .	(6,671)	(6,552)	(6,552)	-
Transfers (out) . . . . .	(10,000)	-	-	-
Advances (out) . . . . .	(43,335)	(50,000)	(42,564)	7,436
Total other financing sources (uses) . . . . .	<u>(50,006)</u>	<u>(38,559)</u>	<u>(31,123)</u>	<u>7,436</u>
Net change in fund balance . . . . .	(300,231)	(486,730)	(406,063)	80,667
<b>Fund balance at beginning of year . . . . .</b>	1,616,696	1,616,696	1,616,696	-
<b>Prior year encumbrances appropriated . . . . .</b>	108,144	108,144	108,144	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,424,609</u>	<u>\$ 1,238,110</u>	<u>\$ 1,318,777</u>	<u>\$ 80,667</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 1,110	\$ 28,821
Investments . . . . .	2,500	-
<b>Receivables:</b>		
Accrued interest. . . . .	1	-
Total assets. . . . .	3,611	\$ 28,821
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 28,821
Total liabilities . . . . .	-	\$ 28,821
<b>Net assets:</b>		
Restricted for endowments . . . . .	2,500	
Held in trust for scholarships . . . . .	1,111	
Total net assets . . . . .	\$ 3,611	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 19
Total additions. . . . .	19
<b>Net assets at beginning of year . . . . .</b>	<b>3,592</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 3,611</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

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**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District's three instructional/support facilities staffed by 53 non-certified personnel, 63 certified full time teaching personnel and 6 administrators who provide services to 1,012 students and other community members.

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

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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) guidance issued on or before November 30, 1989, to its governmental type activity provided it does not conflict with or contradict GASB pronouncements. The School District's significant accounting policies are described below.

**A. Reporting Entity**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise have access to the organization's resources; or (3) 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 (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Currently, the School District does not have any component units.

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are the South Eastern Ohio Voluntary Education Cooperative, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, and the Portage Area School Consortium.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*JOINTLY GOVERNED ORGANIZATIONS*

The following organizations are described due to their relationship to the School District:

South Eastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 28 participants consisting of school districts in nine southeastern Ohio counties. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2012, the School District paid \$40,701 to SEOVEC. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative at 221 North Columbus Road, Athens, Ohio 45701.

Washington County Career Center

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

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One is elected and one is appointed from each of the seven regions into which the 32 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$325 for fiscal year 2012. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

*INSURANCE PURCHASING POOL*

Portage Area School Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts. The Consortium is a stand-alone entity, composed of two stand-alone Pools; the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. The School District only participates in the Health and Welfare Insurance Pool. These pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local governmental risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints representatives to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation. The Portage County Educational Service Center acts as the fiscal agent for the consortium. To obtain financial information, write to the Portage County Educational Service Center, Treasurer, at 326 East Main Street, Ravenna, Ohio 44266.

*PUBLIC ENTITY RISK POOL*

Workers' Compensation Group Rating Program

The District participates in a Workers' Compensation Group Rating Program (GRP). The GRP is administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

**B. Fund Accounting**

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

*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 purpose 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 is the School District's major governmental fund:

*General fund* -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector. The School District has no proprietary funds.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*FIDUCIARY FUNDS*

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 private purpose trust fund accounts for programs that provide college music scholarships to students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund accounts for student activities.

**C. Basis of Presentation**

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

The statement of net assets presents the financial condition of 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 are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**D. Measurement Focus**

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

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. 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. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

*Revenues - Exchange and Nonexchange 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. "Measurable" means the amount of the transaction can be determined and "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 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 an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6). 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures 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, investment earnings, tuition, grants, and fees.

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise 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, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2012 are recorded as deferred revenue in the governmental funds.

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

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

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**F. Budgetary Process**

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

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 final amended certificate issued during fiscal year 2012.

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.

**G. Encumbrances**

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as components of restricted, committed or assigned fund balance in the general fund for subsequent year expenditures for governmental funds. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis in the non-GAAP budgetary basis financial statements.



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for the investments of the permanent and private purpose trust funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During fiscal year 2012, investments were limited to certificates of deposit, which are reported at cost.

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 2012 amounted to \$32,015, which includes \$2,325 assigned from other School District funds.

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

**I. Inventory**

On government-wide financial statements, purchased inventories are presented at lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method. At fiscal year end, because materials and supplies inventory are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**J. Capital Assets and Depreciation**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported 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. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. 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 and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Buildings and improvements	30 - 150 years
Furniture and equipment	10 - 50 years
Vehicles	20 years

**K. Interfund Balances**

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

**L. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The School District records an accrual for sick leave for certified employees with five years or more of service and for classified employees with eight years or more of service. The accrual amount is based upon accumulated sick leave and employees’ wage rates at year-end, taking into consideration any limits specified in the School District’s severance policy.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported

**M. 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 special termination benefits 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 in the current year.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted 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 amounts restricted by State statute for school bus purchases, unclaimed monies and amounts used for food service operations.

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

**O. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The School District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**P. Budget Stabilization Arrangement**

The School District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2012, the balance in the budget stabilization reserve was \$299,082. This amount is included in unassigned fund balance of the general fund and in unrestricted net assets on the statement of net assets.

**Q. Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements. Transfers between funds in the fund financial statements are eliminated in the statement of activities. During fiscal year 2012, there were no interfund transfers.

**R. Estimates**

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

**S. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside for school bus purchases. These restricted assets are required by State statute. A schedule of statutory set-asides is presented in Note 16.

**T. 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. Neither type of transaction occurred during fiscal year 2012.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the School District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the School District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the School District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Alternative schools	\$ 1,665
Miscellaneous State grants	1,960
Education jobs	8,341
Race to the top	2,937
IDEA Part-B	4,489
Improving teacher quality	9,344
Miscellaneous federal grants	20,250

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

The School District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the basic financial statements as "equity in pooled cash and cash equivalents". Statutes require the classification of monies held by the School District into three categories.

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by

**BELPRE CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(Continued)

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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 accounts, including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not the exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At fiscal year end, the School District had \$120 in undeposited cash on hand which is included on the financial statements of the School District as part of “equity in pooled cash and investments”.

**B. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all School District deposits was \$1,741,328. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2012, \$1,541,478 of the School District’s bank balance of \$1,796,478 was exposed to custodial risk as discussed below, while \$255,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the School District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**C. Reconciliation of Cash to the Statement of Net Assets**

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net assets as of June 30, 2012:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 1,741,328
Cash on hand	120
Total	\$ 1,741,448
 <u>Cash per statement of net assets</u>	
Governmental activities	\$ 1,709,017
Private-purpose trust fund	3,610
Agency funds	28,821
Total	\$ 1,741,448

**BELPRE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund loans receivable/payable at June 30, 2012, consisted of the following, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund:</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 42,564</u>

Interfund loans receivable/payable are short-term interfund loans, and are expected to be repaid in the subsequent fiscal year. The primary purpose of the interfund loan is to cover costs where revenues were not received by June 30. The interfund loan will be repaid once the anticipated revenues are received. Interfund loans receivable/payable between governmental funds are eliminated and are not reported on the government-wide statement of net assets.

**NOTE 6 - 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 property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Washington County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$141,864 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$121,402 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 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 unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.



**BELPRE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 144,291,620	95.63	\$ 143,853,460	95.28
Public utility personal	6,488,090	4.30	7,125,420	4.72
Tangible personal property	<u>110,480</u>	<u>0.07</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 150,890,190</u>	<u>100.00</u>	<u>\$ 150,978,880</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$34.75		\$34.74

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2012 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Property taxes	\$ 3,755,801
Accounts	2,316
Accrued interest	2

**Intergovernmental:**

General fund	119,180
Vocational education enhancement	6,000
Alternative schools	2,140
Miscellaneous State grants	4,273
Education jobs	13,255
IDEA Part-B	35,322
Title I	125,254
Improving teacher quality	5,704
Miscellaneous federal grants	<u>10,956</u>
Total intergovernmental	<u>322,084</u>

Total	<u>\$ 4,080,203</u>
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Receivables have been disaggregated on the face of the basic financial statements. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$368,801 may not be collected within one year. All other receivables are expected to be collected within the subsequent year.

**BELPRE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>06/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/12</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,232,814	\$ -	\$ -	\$ 1,232,814
Total capital assets, not being depreciated	<u>1,232,814</u>	<u>-</u>	<u>-</u>	<u>1,232,814</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	6,260,134	18,833	-	6,278,967
Furniture and equipment	2,171,759	99,810	(34,190)	2,237,379
Vehicles	939,484	-	(2,090)	937,394
Total capital assets, being depreciated	<u>9,371,377</u>	<u>118,643</u>	<u>(36,280)</u>	<u>9,453,740</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(2,903,343)	(92,142)	-	(2,995,485)
Furniture and equipment	(1,243,445)	(100,521)	21,709	(1,322,257)
Vehicles	(435,680)	(39,089)	783	(473,986)
Total accumulated depreciation	<u>(4,582,468)</u>	<u>(231,752)</u>	<u>22,492</u>	<u>(4,791,728)</u>
Governmental activities capital assets, net	<u>\$ 6,021,723</u>	<u>\$ (113,109)</u>	<u>\$ (13,788)</u>	<u>\$ 5,894,826</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 101,269
Special	9,993
Vocational	172

Support services:

Pupil	13,656
Instructional staff	4,338
Board of education	61
Administration	12,117
Fiscal	5,039
Operations and maintenance	16,089
Pupil transportation	40,575
Central	377
Extracurricular activities	19,970
Food service operations	<u>8,096</u>
Total depreciation expense	<u>\$ 231,752</u>

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 9 - LONG-TERM OBLIGATIONS**

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

	Balance Outstanding <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2012</u>	Amounts Due in <u>One Year</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 568,731	\$ 66,213	\$ (123,424)	\$ 511,520	\$ 42,236
Total governmental activities	<u>\$ 568,731</u>	<u>\$ 66,213</u>	<u>\$ (123,424)</u>	<u>\$ 511,520</u>	<u>\$ 42,236</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the general fund, IDEA part B fund (a nonmajor special revenue fund), improving teacher quality fund (a nonmajor special revenue fund), miscellaneous federal grants fund (a nonmajor special revenue fund) and the food service fund (a nonmajor special revenue fund).

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$13,588,099 and an unvoted debt margin of \$150,979.

**NOTE 10 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Vacation days must be used by employees in the fiscal year following the fiscal year in which the benefit was earned. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 238 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 57 days.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 10 - EMPLOYEE BENEFITS (Continued)**

**B. Insurance Benefits**

The School District provides life insurance and accidental death dismemberment to most employees through Core Source, Inc. in the amount of \$25,000 for classified employees and \$25,000 for certified employees, \$60,000 for administrators, \$100,000 for the treasurer, and \$100,000 for the superintendent. Dental coverage is provided through Core Source, Inc. Premiums for this coverage are \$57.25 monthly for family and individual coverage. The School District also provides vision insurance to its employees through Vision Service Plan. The monthly premium for this coverage is \$13.07 for family and individual coverage.

**NOTE 11 - RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the School District contracted with the Argonaut Insurance Group for property insurance and boiler and machinery coverage. Property damage is on a replacement cost basis for a blanket amount of \$36,628,000 on buildings and contents. The policies include a \$1,000 deductible.

Professional and general liability has a \$1,000,000 single occurrence limit with \$2,000,000 aggregate and no deductible. Employee Benefits liability has a \$1,000,000 single occurrence limit with \$3,000,000 annual aggregate and up to a \$2,500 deductible. Vehicles hold a \$1,000 deductible for both comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

**B. Workers' Compensation**

For fiscal year 2012, the District participated in the SchoolComp Group Retrospective Rating Program (Group Retro). The intent of the Group Retro is to reward participants that are able to keep their individual claim costs below a predetermined amount. The District continues to pay their individual premium; however, the District will have the opportunity to receive retrospective premium adjustments (refunds or assessments) at the end of the three evaluation periods. The group's retrospective premium will be calculated at 12, 24, and 36 months after the end of the policy year. At the end of each period, the Bureau of Workers Comp (BWC) will take a snap-shot of the incurred claims losses for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, all the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by the BWC. CompManagement, Inc. provides administrative, cost control and actuarial services to the Group Retro program.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 11 - RISK MANAGEMENT (Continued)**

**C. Employee Medical Benefits**

The School District is a member of the Portage Area School Consortium (the Consortium), an insurance purchasing pool (See Note 2.A), through which a cooperative Health Benefit Program was created for the benefit of its members. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the school district were to withdraw from the pool. If the reserve would not cover such claims, the school district would be liable for any costs above the reserve.

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Employers/Audit Resources*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 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 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$173,657, \$153,310 and \$205,431, respectively; 66.51 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

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 website at [www.strsoh.org](http://www.strsoh.org), under "*Publications*".

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(Continued)

**NOTE 12 - PENSION PLANS - (Continued)**

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 fiscal year 2012, 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. 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.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$562,554, \$603,120 and \$556,757, respectively; 82.45 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The School District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$27,034, \$38,076 and \$1,638, respectively; 66.51 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, 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, 2012, 2011, and 2010 were \$10,255, \$9,866 and \$10,821, respectively; 66.51 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

Plan Description - The School District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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), under "Publications" or by calling (888) 227-7877.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(Continued)

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 2012, 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, 2012, 2011 and 2010 were \$43,273, \$46,394 and \$42,827, respectively; 82.45 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund are as follows:



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (406,063)
Net adjustment for revenue accruals	33,384
Net adjustment for expenditure accruals	280,979
Net adjustment for other sources/uses	31,123
Funds budgeted elsewhere	(1,249)
Adjustment for encumbrances	275,786
GAAP basis	\$ 213,960

Certain funds that are legally budgeted in separate special revenue and agency funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the adult education fund, the public school support fund and the School District agency fund.

**NOTE 15 - CONTINGENCIES**

**A. Grants and ADM**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

A lawsuit is pending against the School District. In the opinion of the School District's Legal Counsel, no liability is anticipated in excess of insurance coverage.

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

**NOTE 16 - SET-ASIDES (Continued)**

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	172,067
Current year qualifying expenditures	<u>(185,258)</u>
Total	<u>\$ (13,191)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

A schedule of the restricted assets at June 30, 2012 follows:

Amount restricted for school bus purchases	<u>\$ 5,944</u>
--	-----------------

**NOTE 17 - OTHER COMMITMENTS**

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

	<u>Year-End Encumbrances</u>
<u>Fund</u>	
General fund	\$ 233,916
Other nonmajor governmental funds	<u>19,675</u>
Total	<u>\$ 253,591</u>

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**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<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	2010/2011	10.555	\$ 27,527	\$ 27,527
Cash Assistance:				
School Breakfast Program	2010/2011	10.553	84,774	84,774
National School Lunch Program	2010/2011	10.555	215,106	215,106
Cash Assistance Subtotal			<u>299,880</u>	<u>299,880</u>
Total Child Nutrition Cluster			<u>327,407</u>	<u>327,407</u>
Total U.S. Department of Agriculture			327,407	327,407
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title 1 Cluster:				
Title 1 Grants to Local Educational Agencies	2011	84.010	40,456	59,241
	2012		391,138	391,641
Total Title 1 Grants to Local Educational Agencies			<u>431,594</u>	<u>450,882</u>
Special Education Cluster:				
Special Education - Grants to States	2012	84.027	189,448	190,156
<i>Passed Through Ohio Valley Educational Service Center:</i>				
Special Education - Preschool Grants	2012	84.173	1,876	1,876
Total Special Education Cluster			191,324	192,032
<i>Passed Through Ohio Department of Education:</i>				
Safe and Drug-Free Schools and Communities - State Grants				
	2011	84.186	-	437
Education Technology State Grants	2012	84.318	107,326	114,545
Reading First State Grants	2011	84.357	25,973	47,541
Improving Teacher Quality State Grants	2011	84.367	13,164	13,140
	2012		62,202	62,591
Total Improving Teacher Quality State Grants			<u>75,366</u>	<u>75,731</u>
<i>Passed Through Ohio Appalachian Collaborative</i>				
ARRA Teacher Incentive Fund				
	2011	84.374	28,182	28,677
	2012		38,982	67,566
Total ARRA Teacher Incentive Fund			<u>67,164</u>	<u>96,243</u>
<i>Passed Through Ohio Department of Education:</i>				
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants				
	2011	84.395	1,113	3,984
	2012		40,230	37,521
<i>Passed Through Ohio Appalachian Collaborative</i>				
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants				
	2011	84.395	43,797	48,684
	2012		58,898	58,898
Total ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants			<u>144,038</u>	<u>149,087</u>
<i>Passed Through Ohio Department of Education:</i>				
Education Jobs Fund	2012	84.410	111,164	111,150
Total U.S. Department of Education			<u>1,153,949</u>	<u>1,237,648</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 1,481,356</u></b>	<b><u>\$ 1,565,055</u></b>

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

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at fair value. The School District allocated donated food commodities to the respective program that benefited from the use of those donated food commodities.

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# Dave Yost • Auditor of State

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

Belpre City School District  
Washington County  
2014 Rockland Avenue  
Belpre, Ohio 45714

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 14, 2012. 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 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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*.

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[www.ohioauditor.gov](http://www.ohioauditor.gov)

515151  
Belpre City School District  
Washington County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
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We intend this report solely for the information and use of management, the audit committee, the Board of Education, federal awarding agencies and pass-through entities and others within the School District. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

December 14, 2012





# Dave Yost • Auditor of State

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

Belpre City School District  
Washington County  
2014 Rockland Avenue  
Belpre, Ohio 45714

To the Board of Education:

### Compliance

We have audited the compliance of the Belpre City School District, Washington County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2012. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. 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.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### 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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, 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, others within the School District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

December 14, 2012

**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2012**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under §.510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Child Nutrition Cluster, CFDA #'s 10.553 and 10.555 Title I Grants to States, CFDA # 84.410 Race to the Top Incentive Grant, CFDA # 84.395
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Dave Yost • Auditor of State

**BELPRE CITY SCHOOL DISTRICT**

**WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 31, 2012**