



Mary Taylor, CPA
Auditor of State

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2008, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Belpre City School District, Washington County, Ohio, as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparisons for the General and the Federal Grants Special Revenue Funds 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 January 7, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

January 7, 2009

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The discussion and analysis of the Belpre City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. 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 the fiscal year 2008 are as follows:

- In total, net assets decreased \$141,315. Net assets of governmental activities decreased \$146,834, while the net assets of the business-type activity increased \$5,519.
- General revenues accounted for \$8,698,181 in revenue or 81% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,003,138 or 19% of total revenues of \$10,701,319.
- Total program expenses were \$11,275,602, \$10,848,153 in governmental activities and \$427,449 in the business-type activity.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the School District's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
 Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$6,495,633	\$6,560,752	\$48,644	\$58,210	\$6,544,277	\$6,618,962
Capital Assets, Net	5,729,013	5,876,735	102,854	105,272	5,831,867	5,982,007
<i>Total Assets</i>	<u>12,224,646</u>	<u>12,437,487</u>	<u>151,498</u>	<u>163,482</u>	<u>12,376,144</u>	<u>12,600,969</u>
Liabilities						
Current and Other Liabilities	5,602,250	5,593,069	34,761	51,121	5,637,011	5,644,190
Long-term Liabilities						
Due Within One Year	35,000	53,807	0	0	35,000	53,807
Due in More Than One Year	599,770	656,151	6,057	7,200	605,827	663,351
<i>Total Liabilities</i>	<u>6,237,020</u>	<u>6,303,027</u>	<u>40,818</u>	<u>58,321</u>	<u>6,277,838</u>	<u>6,361,348</u>
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	5,627,928	5,741,414	102,854	105,272	5,730,782	5,846,686
Restricted	442,568	395,588	0	0	442,568	395,588
Unrestricted (Deficit)	(82,870)	(2,542)	7,826	(111)	(75,044)	(2,653)
<i>Total Net Assets</i>	<u>\$5,987,626</u>	<u>\$6,134,460</u>	<u>\$110,680</u>	<u>\$105,161</u>	<u>\$6,098,306</u>	<u>\$6,239,621</u>

Total assets decreased \$224,825, with governmental assets decreasing \$212,841 and business-type assets decreasing \$11,984. For governmental activities, \$115,550 of the decrease is in cash and cash equivalents along with a decrease in capital assets of \$147,722. These decreases were offset by an increase in intergovernmental receivables of \$65,399. The offset is due to the State reimbursing the School District for the taxes eliminated.

Total liabilities decreased \$83,510, with governmental liabilities decreasing \$66,007 and business-type liabilities decreasing \$17,503. The following liabilities of governmental activities experienced decreases: accounts payable of \$21,133, accrued wages and benefits payable of \$7,984, vacation benefits payable of \$4,788, intergovernmental payables of \$24,558, loans payable of \$35,000, and compensated absences of \$40,188. Matured compensated absences reflected an increase of \$36,314. Accounts payable of the business-type activity decreased \$15,142.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2008, compared to June 30, 2007.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
 Unaudited

(Table 2)
 Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for Services	\$491,694	\$372,861	\$159,030	\$141,077	\$650,724	\$513,938
Operating Grants, Contributions and Interest	1,496,375	1,786,864	273,938	233,211	1,770,313	2,020,075
Capital Grants and Contributions	15,069	6,175	0	15,762	15,069	21,937
Total Program Revenues	<u>2,003,138</u>	<u>2,165,900</u>	<u>432,968</u>	<u>390,050</u>	<u>2,436,106</u>	<u>2,555,950</u>
General Revenues:						
Property Taxes	4,333,799	4,982,455	0	0	4,333,799	4,982,455
Grants and Entitlements	4,222,779	3,589,573	0	0	4,222,779	3,589,573
Interest	92,964	105,225	0	91	92,964	105,316
Miscellaneous	48,639	19,275	0	0	48,639	19,275
Total General Revenues	<u>8,698,181</u>	<u>8,696,528</u>	<u>0</u>	<u>91</u>	<u>8,698,181</u>	<u>8,696,619</u>
Transfers	0	(47,208)	0	47,208	0	0
Total Revenues and Transfers	<u>10,701,319</u>	<u>10,815,220</u>	<u>432,968</u>	<u>437,349</u>	<u>11,134,287</u>	<u>11,252,569</u>
Program Expenses						
Instruction:						
Regular	4,864,746	4,814,079	0	0	4,864,746	4,814,079
Special	1,414,414	1,489,822	0	0	1,414,414	1,489,822
Vocational	983	57,891	0	0	983	57,891
Intervention	28,001	9,926	0	0	28,001	9,926
Support Services:						
Pupils	843,705	822,372	0	0	843,705	822,372
Instructional Staff	608,024	565,854	0	0	608,024	565,854
Board of Education	46,493	39,266	0	0	46,493	39,266
Administration	846,899	880,559	0	0	846,899	880,559
Fiscal	422,021	369,049	0	0	422,021	369,049
Business	1,808	1,484	0	0	1,808	1,484
Operation and Maintenance of Plant	1,045,142	998,613	0	0	1,045,142	998,613
Transportation	410,390	405,947	0	0	410,390	405,947
Central	6,735	5,663	0	0	6,735	5,663
Operation of Non-Instructional Services						
Extracurricular Activities	10,455	36,139	0	0	10,455	36,139
Interest and Fiscal Charges	292,922	262,150	0	0	292,922	262,150
Food Service	5,415	6,766	0	0	5,415	6,766
	0	0	427,449	416,328	427,449	416,328
Total Expenses	<u>10,848,153</u>	<u>10,765,580</u>	<u>427,449</u>	<u>416,328</u>	<u>11,275,602</u>	<u>11,181,908</u>
Increase (Decrease) in Net Assets	(146,834)	49,640	5,519	21,021	(141,315)	70,661
Net Assets Beginning of Year	6,134,460	6,084,820	105,161	84,140	6,239,621	6,168,960
Net Assets End of Year	<u>\$5,987,626</u>	<u>\$6,134,460</u>	<u>\$110,680</u>	<u>\$105,161</u>	<u>\$6,098,306</u>	<u>\$6,239,621</u>

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Governmental Activities

Property taxes made up approximately 40.5 percent of revenues for governmental activities for Belpre City School District. Of the remaining revenues, the School District receives 53.59 percent from state foundation, federal, and state grants; 4.59 percent from charges for services; and 1.32 percent from interest and local revenues.

Over 58.1 percent of the School District's budget is used to fund instructional expenses. Support services make up 39.1 percent of expenses and 2.8 percent is used for fiscal charges, extracurricular activities, and non-instructional services.

During the fiscal year, the School District experienced changes in the following: a 17.80 percent increase in health insurance costs, a negotiated 2 percent salary increase, a significant increase in open enrollment to other school districts, increased workers' compensation costs, as well as significant increases in utility and fuel costs.

The School District made reductions in personnel and programs in an effort to eliminate deficit spending. This included the School District's vocational consumer science program. The reduction in personnel has been through attrition and layoffs.

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

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
 Unaudited

(Table 3)
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2008	2008	2007	2007
Program Expenses				
Instruction:				
Regular	\$4,864,746	\$4,421,241	\$4,814,079	\$4,262,586
Special	1,414,414	525,430	1,489,822	545,891
Vocational	983	592	57,891	52,459
Intervention	28,001	14,354	9,926	29
Support Services:				
Pupils	843,705	805,376	822,372	745,918
Instructional Staff	608,024	169,723	565,854	104,458
Board of Education	46,493	46,493	39,266	39,266
Administration	846,899	839,559	880,559	880,332
Fiscal	422,021	422,021	369,049	369,049
Business	1,808	1,808	1,484	1,484
Operation and Maintenance of Plant	1,045,142	1,030,531	998,613	989,442
Pupil Transportation	410,390	370,986	405,947	376,276
Central	6,735	1,187	5,663	408
Operation of Non-Instructional Services	10,455	9,550	36,139	20,611
Extracurricular Activities	292,922	180,749	262,150	204,705
Interest and Fiscal Charges	5,415	5,415	6,766	6,766
Total	\$10,848,153	\$8,845,015	\$10,765,580	\$8,599,680

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Over 80 percent of total expenses are supported through taxes and other general revenues.

Business-Type Activity

The business-type activity is the School District's food service operation. This program had total revenues of \$432,968 and total expenses of \$427,449 for fiscal year 2008. The prices of breakfast, lunch, milk, and ala carte was increased due to the increase in overall costs to the School District. A universal breakfast program which provided free breakfast to kindergarten through eighth grade students was implemented which increased subsidy payments. The food management company, AVI, was contracted to oversee and manage the food service operations of the School District.

The School District Funds

All governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,620,407 and expenditures of \$10,779,643. Fund balances of the governmental funds did not experience significant changes. Revenues decreased slightly and decreases were made in personnel to keep deficit spending to a minimum for 2008.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
 Unaudited

General Fund Budgeting Highlights

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

During the course of fiscal 2008, the School District amended its General Fund budget, but not significantly. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$9,267,963, \$6,717 above final estimates of \$9,261,246. Final estimated revenues were reduced \$316,806 from the original of \$9,578,052. The majority of this difference was due to a decrease in open enrollment students coming into the School District and basic aid from the state being less than anticipated. Expenditures of \$9,455,611 were lower than final appropriations of \$9,599,647. Final appropriations were reduced \$485,885 from originals. Most of the differences are due to personnel on long-term leaves of absence due to sickness, child care, and work injury, and reduction of purchase services through the Educational Service Center.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$5,831,867 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2008 balances compared to 2007.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$1,232,814	\$1,232,814	\$0	\$0	\$1,232,814	\$1,232,814
Buildings and Improvements	3,190,383	3,284,966	0	0	3,190,383	3,284,966
Furniture and Equipment	767,538	789,737	102,854	105,272	870,392	895,009
Vehicles	538,278	569,218	0	0	538,278	569,218
Totals	<u>\$5,729,013</u>	<u>\$5,876,735</u>	<u>\$102,854</u>	<u>\$105,272</u>	<u>\$5,831,867</u>	<u>\$5,982,007</u>

In 2008, School District made minimal capital outlays. They included a webcheck system, replacing part of the roof at the Belpre Middle School, and purchasing or replacing equipment as needed.

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

Debt

At June 30, 2008, the School District had \$103,000 in energy conservation loans outstanding which had been issued in fiscal year 2004. See Note 15 to the basic financial statements for more information on debt.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Current Issues

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 on February 8, 2005, to renew an Emergency Levy that expired on December 31, 2004. The levy passed.

Based upon the current financial situation, with the renewal of the Emergency Levy, the School District will be able to maintain financial stability through 2010 by trimming expenses and living within the means provided. Upon reviewing the School District's five-year forecast, the biggest concerns are fiscal year 2011 and beyond.

The School District is reviewing current programs and will use attrition as much as possible to reduce future costs. Negotiations for the certified and classified staff will be in the spring and summer of 2009.

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 Washington Blvd., Belpre, Ohio 45714, or E-Mail at bc_eyeager@seovec.org.

Belpre City School District, Ohio*Statement of Net Assets**June 30, 2008*

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,972,971	\$38,727	\$2,011,698
Cash and Cash Equivalents in Segregated Accounts	896	0	896
Investments	2,500	0	2,500
Inventory Held for Resale	0	4,874	4,874
Materials and Supplies Inventory	23,274	1,880	25,154
Interest Receivable	92	0	92
Intergovernmental Receivable	364,693	3,163	367,856
Prepaid Items	926	0	926
Accounts Receivable	7,250	0	7,250
Property Taxes Receivable	4,121,116	0	4,121,116
Deferred Charges	1,915	0	1,915
Nondepreciable Capital Assets	1,232,814	0	1,232,814
Depreciable Capital Assets, Net	4,496,199	102,854	4,599,053
<i>Total Assets</i>	<u>12,224,646</u>	<u>151,498</u>	<u>12,376,144</u>
Liabilities			
Accounts Payable	43,706	0	43,706
Accrued Wages and Benefits Payable	1,147,992	23,046	1,171,038
Matured Compensated Absences Payable	36,314	0	36,314
Vacation Benefits Payable	26,681	0	26,681
Deferred Revenue	4,032,478	0	4,032,478
Intergovernmental Payable	315,079	11,715	326,794
Long-Term Liabilities:			
Due Within One Year	35,000	0	35,000
Due In More Than One Year	599,770	6,057	605,827
<i>Total Liabilities</i>	<u>6,237,020</u>	<u>40,818</u>	<u>6,277,838</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,627,928	102,854	5,730,782
Restricted for:			
Capital Projects	41,734	0	41,734
Budget Stabilization	22,171	0	22,171
Bus Purchase	63,854	0	63,854
Textbooks	195,985	0	195,985
Unclaimed Monies	1,790	0	1,790
Music Trust:			
Non-Expendable	2,500	0	2,500
Expendable	1,627	0	1,627
Other Purposes	112,907	0	112,907
Unrestricted (Deficit)	(82,870)	7,826	(75,044)
<i>Total Net Assets</i>	<u>\$5,987,626</u>	<u>\$110,680</u>	<u>\$6,098,306</u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues				Net (Expense)Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Governmental Activities							
Instruction:							
Regular	\$4,864,746	\$351,695	\$83,446	\$8,364	(\$4,421,241)	\$0	(\$4,421,241)
Special	1,414,414	0	888,984	0	(525,430)	0	(525,430)
Vocational	983	0	391	0	(592)	0	(592)
Intervention	28,001	0	13,647	0	(14,354)	0	(14,354)
Support Services:							
Pupils	843,705	28,073	10,256	0	(805,376)	0	(805,376)
Instructional Staff	608,024	0	438,301	0	(169,723)	0	(169,723)
Board of Education	46,493	0	0	0	(46,493)	0	(46,493)
Administration	846,899	0	7,340	0	(839,559)	0	(839,559)
Fiscal	422,021	0	0	0	(422,021)	0	(422,021)
Business	1,808	0	0	0	(1,808)	0	(1,808)
Operation and							
Maintenance of Plant	1,045,142	0	14,611	0	(1,030,531)	0	(1,030,531)
Pupil Transportation	410,390	0	32,699	6,705	(370,986)	0	(370,986)
Central	6,735	0	5,548	0	(1,187)	0	(1,187)
Operation of Non-Instructional							
Services	10,455	0	905	0	(9,550)	0	(9,550)
Extracurricular Activities	292,922	111,926	247	0	(180,749)	0	(180,749)
Interest and Fiscal Charges	5,415	0	0	0	(5,415)	0	(5,415)
<i>Total Governmental Activities</i>	10,848,153	491,694	1,496,375	15,069	(8,845,015)	0	(8,845,015)
Business-Type Activity							
Food Service	427,449	159,030	273,938	0	0	5,519	5,519
<i>Totals</i>	<u>\$11,275,602</u>	<u>\$650,724</u>	<u>\$1,770,313</u>	<u>\$15,069</u>	<u>(8,845,015)</u>	<u>5,519</u>	<u>(8,839,496)</u>
General Revenues							
Property Taxes Levied for General Purposes					4,333,799	0	4,333,799
Grants and Entitlements not Restricted to Specific Programs					4,222,779	0	4,222,779
Interest					92,964	0	92,964
Miscellaneous					48,639	0	48,639
<i>Total General Revenues</i>					<u>8,698,181</u>	<u>0</u>	<u>8,698,181</u>
<i>Change in Net Assets</i>					(146,834)	5,519	(141,315)
<i>Net Assets Beginning of Year</i>					6,134,460	105,161	6,239,621
<i>Net Assets End of Year</i>					<u>\$5,987,626</u>	<u>\$110,680</u>	<u>\$6,098,306</u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio*Balance Sheet**Governmental Funds**June 30, 2008*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,489,070	\$16,704	\$185,853	\$1,691,627
Cash and Cash Equivalents in Segregated Accounts	0	0	896	896
Investments	0	0	2,500	2,500
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	281,344	0	0	281,344
Receivables:				
Property Taxes	4,121,116	0	0	4,121,116
Accounts	7,250	0	0	7,250
Intergovernmental	42,130	319,928	2,635	364,693
Interest	0	0	92	92
Prepaid Items	926	0	0	926
Materials and Supplies Inventory	23,274	0	0	23,274
<i>Total Assets</i>	<u>\$5,965,110</u>	<u>\$336,632</u>	<u>\$191,976</u>	<u>\$6,493,718</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$37,187	\$947	\$5,572	\$43,706
Accrued Wages and Benefits Payable	973,435	171,983	2,574	1,147,992
Intergovernmental Payable	277,420	37,316	343	315,079
Matured Compensated Absences Payable	23,559	12,755	0	36,314
Deferred Revenue	4,053,063	231,007	1,880	4,285,950
<i>Total Liabilities</i>	<u>5,364,664</u>	<u>454,008</u>	<u>10,369</u>	<u>5,829,041</u>
Fund Balances				
Reserved for Encumbrances	75,114	7,063	20,445	102,622
Reserved for Contributions	0	0	2,500	2,500
Reserved for Property Taxes	75,229	0	0	75,229
Reserved for Bus Purchase	63,854	0	0	63,854
Reserved for Budget Stabilization	22,171	0	0	22,171
Reserved for Textbooks	195,985	0	0	195,985
Reserved for Unclaimed Monies	1,790	0	0	1,790
Unreserved:				
Designated for Budget Stabilization	276,911	0	0	276,911
Undesignated, Reported in:				
General Fund (Deficit)	(110,608)	0	0	(110,608)
Special Revenue Funds (Deficit)	0	(124,439)	119,108	(5,331)
Capital Projects Funds	0	0	38,019	38,019
Permanent Fund	0	0	1,535	1,535
<i>Total Fund Balances (Deficit)</i>	<u>600,446</u>	<u>(117,376)</u>	<u>181,607</u>	<u>664,677</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,965,110</u>	<u>\$336,632</u>	<u>\$191,976</u>	<u>\$6,493,718</u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances		\$664,677
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,729,013
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	13,409	
Grants	232,795	
Interest	92	
Student Fees	7,176	253,472
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		1,915
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(26,681)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conversation Loans Payable	(103,000)	
Sick Leave Benefits Payable	(531,770)	(634,770)
Net Assets of Governmental Activities		\$5,987,626

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$4,357,042	\$0	\$0	\$4,357,042
Intergovernmental	4,485,207	1,052,143	73,361	5,610,711
Interest	92,846	0	248	93,094
Tuition and Fees	333,133	0	21,138	354,271
Extracurricular Activities	0	0	139,999	139,999
Gifts and Donations	0	0	16,651	16,651
Miscellaneous	30,709	0	17,930	48,639
<i>Total Revenues</i>	<u>9,298,937</u>	<u>1,052,143</u>	<u>269,327</u>	<u>10,620,407</u>
Expenditures				
Current:				
Instruction:				
Regular	4,728,412	59,021	47,806	4,835,239
Special	732,434	684,483	0	1,416,917
Intervention	14,542	6,594	6,865	28,001
Support Services:				
Pupils	810,027	0	30,948	840,975
Instructional Staff	162,480	408,614	11,608	582,702
Board of Education	46,461	0	0	46,461
Administration	843,930	7,440	0	851,370
Fiscal	412,556	0	0	412,556
Business	1,808	0	0	1,808
Operation and Maintenance of Plant	1,021,066	0	12,000	1,033,066
Pupil Transportation	376,841	0	0	376,841
Central	1,129	0	5,450	6,579
Operation of Non-Instructional Services	0	0	5,741	5,741
Extracurricular Activities	181,690	0	100,106	281,796
Capital Outlay	18,759	0	1,181	19,940
Debt Service:				
Principal Retirement	0	0	35,000	35,000
Interest and Fiscal Charges	0	0	4,651	4,651
<i>Total Expenditures</i>	<u>9,352,135</u>	<u>1,166,152</u>	<u>261,356</u>	<u>10,779,643</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(53,198)</u>	<u>(114,009)</u>	<u>7,971</u>	<u>(159,236)</u>
Other Financing Sources (Uses)				
Transfers In	6,642	0	39,651	46,293
Transfers Out	(39,651)	(6,642)	0	(46,293)
<i>Total Other Financing Sources (Uses)</i>	<u>(33,009)</u>	<u>(6,642)</u>	<u>39,651</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(86,207)	(120,651)	47,622	(159,236)
<i>Fund Balances Beginning of Year</i>	<u>686,653</u>	<u>3,275</u>	<u>133,985</u>	<u>823,913</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$600,446</u>	<u>(\$117,376)</u>	<u>\$181,607</u>	<u>\$664,677</u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008*

Net Change in Fund Balances - Total Governmental Funds (\$159,236)

*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 exceeded depreciation:

Capital Asset Additions	84,097	
Depreciation Expense	(231,819)	(147,722)

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

Student Fees	(2,576)	
Grants	106,861	
Interest	(130)	
Delinquent Taxes	(23,243)	80,912

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 35,000

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due:
Amortization of Issuance Costs (764)

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

Vacation Benefits Payable	4,788	
Sick Leave Benefits Payable	40,188	44,976

Change in Net Assets of Governmental Activities (\$146,834)

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$4,527,517	\$4,377,764	\$4,377,764	\$0
Intergovernmental	4,595,064	4,443,077	4,443,077	0
Interest	89,122	86,174	92,846	6,672
Tuition and Fees	342,963	331,619	331,619	0
Miscellaneous	23,386	22,612	22,657	45
<i>Total Revenues</i>	<u>9,578,052</u>	<u>9,261,246</u>	<u>9,267,963</u>	<u>6,717</u>
Expenditures				
Current:				
Instruction:				
Regular	5,012,196	4,770,727	4,731,803	38,924
Special	816,040	776,726	763,516	13,210
Vocational	9,269	8,822	8,530	292
Intervention	10,622	10,110	5,764	4,346
Support Services:				
Pupils	871,498	829,512	807,968	21,544
Instructional Staff	169,763	161,584	160,275	1,309
Board of Education	55,919	53,225	48,871	4,354
Administration	906,347	862,683	857,495	5,188
Fiscal	444,869	423,437	417,998	5,439
Business	2,444	2,326	1,808	518
Operation and Maintenance of Plant	1,133,522	1,078,913	1,072,972	5,941
Pupil Transportation	435,591	414,606	375,028	39,578
Central	2,732	2,600	1,623	977
Extracurricular Activities	195,012	185,617	183,201	2,416
Capital Outlay	19,708	18,759	18,759	0
<i>Total Expenditures</i>	<u>10,085,532</u>	<u>9,599,647</u>	<u>9,455,611</u>	<u>144,036</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(507,480)</u>	<u>(338,401)</u>	<u>(187,648)</u>	<u>150,753</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	10,435	10,090	10,140	50
Transfers In	6,869	6,642	6,642	0
Transfers Out	(42,025)	(40,000)	(39,651)	349
<i>Total Other Financing Sources (Uses)</i>	<u>(24,721)</u>	<u>(23,268)</u>	<u>(22,869)</u>	<u>399</u>
<i>Net Change in Fund Balance</i>	(532,201)	(361,669)	(210,517)	151,152
<i>Fund Balance Beginning of Year</i>	1,753,588	1,753,588	1,753,588	0
Prior Year Encumbrances Appropriated	117,686	117,686	117,686	0
<i>Fund Balance End of Year</i>	<u>\$1,339,073</u>	<u>\$1,509,605</u>	<u>\$1,660,757</u>	<u>\$151,152</u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Federal Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$1,461,709	\$1,123,816	\$1,126,259	\$2,443
Expenditures				
Current:				
Instruction:				
Regular	84,039	65,151	65,081	70
Special	863,228	669,218	669,518	(300)
Intervention	12,675	9,826	9,826	0
Support Services:				
Instructional Staff	525,724	407,568	409,711	(2,143)
Administration	9,842	7,630	7,630	0
<i>Total Expenditures</i>	<u>1,495,508</u>	<u>1,159,393</u>	<u>1,161,766</u>	<u>(2,373)</u>
<i>Excess of Revenues Under Expenditures</i>	(33,799)	(35,577)	(35,507)	70
Other Financing Uses				
Transfers Out	(8,568)	(6,642)	(6,642)	0
<i>Net Change in Fund Balance</i>	(42,367)	(42,219)	(42,149)	70
<i>Fund Balance Beginning of Year</i>	34,663	34,663	34,663	0
Prior Year Encumbrances Appropriated	<u>12,570</u>	<u>12,570</u>	<u>12,570</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,866</u></u>	<u><u>\$5,014</u></u>	<u><u>\$5,084</u></u>	<u><u>\$70</u></u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio

Statement of Fund Net Assets

Proprietary Fund

June 30, 2008

	<u>Business-Type Activity - Food Service Enterprise Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$38,727
Inventory Held for Resale	4,874
Materials and Supplies Inventory	1,880
Intergovernmental Receivable	<u>3,163</u>
<i>Total Current Assets</i>	48,644
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>102,854</u>
<i>Total Assets</i>	<u>151,498</u>
Liabilities	
Current Liabilities:	
Accrued Wages and Benefits Payable	23,046
Intergovernmental Payable	<u>11,715</u>
<i>Total Current Liabilities</i>	34,761
Long-term Liabilities:	
Sick Leave Benefits Payable	<u>6,057</u>
<i>Total Liabilities</i>	<u>40,818</u>
Net Assets	
Invested in Capital Assets	102,854
Unrestricted	<u>7,826</u>
Total Net Assets	<u><u>\$110,680</u></u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2008*

	Business-Type Activity - Food Service <u>Enterprise Fund</u>
Operating Revenues	
Sales	<u>\$159,030</u>
Operating Expenses	
Salaries	114,815
Fringe Benefits	49,917
Purchased Services	89,804
Materials and Supplies	83
Cost of Sales	170,412
Depreciation	<u>2,418</u>
<i>Total Operating Expenses</i>	<u>427,449</u>
<i>Operating Loss</i>	<u>(268,419)</u>
Non-Operating Revenues	
Federal Donated Commodities	25,190
Interest	562
Federal and State Subsidies	<u>248,186</u>
<i>Total Non-Operating Revenues</i>	<u>273,938</u>
<i>Net Change in Net Assets</i>	5,519
<i>Net Assets Beginning of Year</i>	<u>105,161</u>
<i>Net Assets End of Year</i>	<u><u>\$110,680</u></u>

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	<u>Business-Type Activity - Food Service Enterprise Fund</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$159,030
Cash Payments to Suppliers for Goods and Services	(247,835)
Cash Payments for Employee Services	(120,800)
Cash Payments for Employee Benefits	<u>(46,293)</u>
Net Cash Used for Operating Activities	<u>(255,898)</u>
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	<u>274,050</u>
Cash Flows from Investing Activities	
Interest	<u>562</u>
<i>Net Increase in Cash and Cash Equivalents</i>	18,714
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>20,013</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$38,727</u></u>
Reconciliation of Operating Loss to Net	
Cash Used for Operating Activities	
Operating Loss	<u>(\$268,419)</u>
Depreciation	2,418
Donated Commodities Received During Year	25,190
Changes in Assets and Liabilities:	
Increase in Inventory Held for Resale	2,419
Increase in Materials and Supplies Inventory	(3)
Increase in Accounts Payable	(15,142)
Increase in Accrued Wages and Benefits Payable	(3,955)
Increase in Sick Leave Benefits Payable	(1,143)
Decrease in Intergovernmental Payable	<u>2,737</u>
Net Cash Used for Operating Activities	<u><u>(\$255,898)</u></u>

Non-Cash Non-Capital Financing Transactions: During fiscal year 2008, the Food Service Enterprise Fund received \$25,190 in donated commodities.

See accompanying notes to the basic financial statements

Belpre City School District, Ohio

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2008

	Private Purpose Trust	
	Hawk Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$673	<u>\$24,533</u>
Investments	2,500	
Accrued Interest Receivable	<u>92</u>	
Total Assets	3,265	
Liabilities		
Due to Students	<u>0</u>	<u>\$24,533</u>
Net Assets		
Restricted for Endowments	2,500	
Held in Trust for Scholarships	<u>765</u>	
Total Net Assets	<u>\$3,265</u>	

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust
	Hawk Scholarship
Additions	
Interest	\$119
Deductions	
Scholarships	0
<i>Change in Net Assets</i>	119
<i>Net Assets Beginning of Year</i>	3,146
<i>Net Assets End of Year</i>	\$3,265

See accompanying notes to the basic financial statements

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Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 54 classified employees and 86 certified personnel, who provide services to 1,145 students and other community members.

Reporting Entity

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

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

The School District participates in 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 Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Federal Grants Special Revenue Fund This fund is used to account for all federal grants received by the School District including IDEA-B, Title I, Title V, Title IV, Title II-A, Title II-D, and the Reading First Grant.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. 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. Measurement Focus

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

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

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

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there was an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

E. 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 2008 investments were limited to certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$92,846, which includes \$11,713 assigned from other School District funds.

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

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

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

H. Capital Assets

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

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

I. Issuance Costs

On government-wide financial statements, issuance costs are recorded as deferred charges and amortized over the term of the related debt. On the governmental fund financial statements, issuance costs are recognized in the period in which they were incurred.

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include unexpended revenues restricted for the purchase of buses, amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional material and budget stabilization, and unclaimed monies. See Note 19 for additional information regarding set-asides. Restricted assets do not equal reserves by the amount of the bus purchase receivable (See Note 8).

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances for most employees are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

L. Accrued Liabilities and Long-term Obligations

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

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

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

N. Fund Balance Reserves and Designations

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

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

Designations represent tentative plans for future use of financial resources. The School District has a designation of fund balance on the balance sheet for money set aside for budget stabilization in excess of the amount required by Statute.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$442,568 of restricted net assets, of which none are restricted by enabling legislation. Net assets restricted for other purposes include music and athletic programs, community education, and local, federal, and state grants restricted to expenditure for specified purposes.

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

P. Operating Revenues and Expenses

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

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Process

All funds, other than agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board. The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed by the Board.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

Note 3 - Changes in Accounting Principles

For fiscal year 2008, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"; GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues"; and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the SERS and the STRS post-employment healthcare plans in the amount of \$105,105 and \$10,855, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

Note 4 - Fund Deficits

At June 30, 2008, the Federal Grants Special Revenue Fund had a fund deficit of \$117,376. The deficit resulted from adjustments for accrued liabilities. The General Fund is liable for any deficits in this fund and will provide operating transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unrecorded cash and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Federal Grants Special Revenue Fund.

Net Change in Fund Balance		
	General	Federal Grants
GAAP Basis	(\$86,207)	(\$120,651)
Net Adjustment for Revenue Accruals	(21,416)	74,116
Prepaid Items:		
Beginning of Fiscal Year	1,003	0
End of Fiscal Year	(926)	0
Unreported Cash - Beginning of Fiscal Year	582	
Net Adjustment for Expenditure Accruals	6,104	16,006
Encumbrances	(109,657)	(11,620)
Budget Basis	(\$210,517)	(\$42,149)

Note 6 - Deposits and Investments

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

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

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

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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

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

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$1,899,930 of the School District's bank balance of \$2,075,826 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007, and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Washington County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue. The amount available as an advance at June 30, 2008, was \$75,229 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2007, was \$95,951. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$129,013,150	67.20%	\$138,123,970	75.44%
Public Utility Personal	6,513,820	3.39%	5,445,870	2.98%
Tangible Personal Property	56,474,626	29.41%	39,510,623	21.58%
Total	\$192,001,596	100.00%	\$183,080,463	100.00%
 Tax Rate per \$1,000 of assessed valuation	 \$35.12		 \$34.46	

Note 8 - Receivables

Receivables at June 30, 2008, consisted of accrued interest, property taxes, accounts (rent, student fees, and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$13,409 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Title I	\$127,362
IDEA Part B	97,644
Reading First	75,439
Basic State Aid Adjustment	27,974
Title IIA	17,098
E-Rate	11,700
Alternative Education Challenge	2,635
Bus Purchase	2,456
Title V	1,314
Title IID	1,071
Total Governmental Activities	364,693
 Business-Type Activity:	
National School Lunch	3,163
Total	\$367,856

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 9 - Transfers

During fiscal year 2008, the General Fund transferred \$39,651 to the Permanent Improvement Capital Projects Fund for debt payments. The Federal Grants Special Revenue Fund transferred \$6,642 to the General Fund to implement the recording of the e-rate activity in the General Fund.

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with Indiana Insurance Company for property insurance and boiler and machinery coverage. Property damage is on a replacement cost basis for a blanket amount of \$27,973,000 on buildings and contents. The policies include a \$5,000 deductible.

Professional and general liability is protected by Indiana Insurance Company with a \$1,000,000 single occurrence limit with \$2,000,000 aggregate and \$0 deductible. Vehicles are covered also by Indiana Insurance Company and hold a \$1,000 deductible for both comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

B. Workers' Compensation

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Note 11 - Employee Benefits

A. Compensated Absences

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

B. Insurance

The School District provides health and major medical insurance for all eligible employees by contracting with Anthem Blue Cross/Blue Shield Insurance Company. The School District pays monthly premiums of \$966.35 for family and \$349.32 for certified employees under preferred provider organizations coverage. The School District pays monthly premiums of \$1,020.03 for family and \$368.72 for classified employees under preferred provider organizations coverage. Premiums are paid from the same funds that pay the employees' salaries.

The School District provides life insurance and accidental death dismemberment to most employees through Fort Dearborn Insurance Company 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 \$53.57 monthly for family and individual coverage. The School District also provides vision insurance to its employees through Vision Service Plan. The monthly premium for this coverage is \$12.50 for family and individual coverage.

Note 12 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance 6/30/07	Additions	Reductions	Balance 6/30/08
Governmental Activities:				
Capital assets not being depreciated				
Land	\$1,232,814	\$0	\$0	\$1,232,814
Capital assets being depreciated				
Buildings and Improvements	5,818,538	28,876	0	5,847,414
Furniture and Equipment	1,712,745	55,221	0	1,767,966
Vehicles	846,569	0	0	846,569
Total capital assets being depreciated	8,377,852	84,097	0	8,461,949
Accumulated depreciation				
Buildings and Improvements	(2,533,572)	(123,459)	0	(2,657,031)
Furniture and Equipment	(923,008)	(77,420)	0	(1,000,428)
Vehicles	(277,351)	(30,940)	0	(308,291)
Total accumulated depreciation	(3,733,931)	(231,819) *	0	(3,965,750)
Capital assets being depreciated, net	4,643,921	(147,722)	0	4,496,199
Governmental Activities capital assets, net	\$5,876,735	(\$147,722)	\$0	\$5,729,013
Business-Type Activity:				
Capital assets being depreciated				
Furniture and Fixtures	\$156,754	\$0	\$0	\$156,754
Less Accumulated Depreciation	(51,482)	(2,418)	0	(53,900)
Business-Type Activity capital assets, net	\$105,272	(\$2,418)	\$0	\$102,854

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$129,142
Special Instruction	5,646
Vocational	983
Support Services:	
Pupils	11,112
Instructional Staff	3,375
Board of Education	32
Administration	7,358
Fiscal	1,957
Operation and Maintenance of Plant	18,262
Pupil Transportation	32,494
Central	156
Operation of Non-Instructional Services	4,714
Extracurricular Activities	16,588
Total Depreciation Expense	<u><u>\$231,819</u></u>

Note 13 - Defined Benefit 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 pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

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 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$111,390, \$129,652, and \$133,984, respectively; 41.75 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$614,628, \$626,232, and \$645,847, respectively; 84.27 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$5,142 made by the School District and \$19,438 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, three members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$86,688, \$65,964, and \$69,059, respectively; 35.18 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006, were \$8,328, \$9,693, and \$10,117, respectively; 43.86 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

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 2008, 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, 2008, 2007, and 2006, were \$47,279, \$48,172, and \$49,681, respectively; 84.27 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Note 15 - Long-Term Obligations

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

	Principal Outstanding 6/30/07	Additions	Reductions	Principal Outstanding 6/30/08	Amounts Due in One Year
Governmental Activities:					
April 29, 2004, \$243,000					
Energy Conservation Loan - 4.5%	\$138,000	\$0	\$35,000	\$103,000	\$35,000
Sick Leave Benefits	571,958	48,959	89,147	531,770	0
Total Governmental Activities	<u>\$709,958</u>	<u>\$48,959</u>	<u>\$124,147</u>	<u>\$634,770</u>	<u>\$35,000</u>
Business-Type Activity:					
Sick Leave Benefits	<u>\$7,200</u>	<u>\$0</u>	<u>\$1,143</u>	<u>\$6,057</u>	<u>\$0</u>

On April 29, 2004, Belpre City School District issued \$243,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The loan will be paid from energy savings realized from the energy conservation measures.

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

The overall debt margin of the School District as of June 30, 2008, was \$12,860,814, with an unvoted debt margin of \$142,898. Principal and interest requirements to retire the energy conservation loans outstanding at June 30, 2008, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2009	\$35,000	\$3,822	\$38,822
2010	34,000	2,522	36,522
2011	34,000	1,262	35,262
Total	<u>\$103,000</u>	<u>\$7,606</u>	<u>\$110,606</u>

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 16 - Jointly Governed Organizations

A. South Eastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 30 participants consisting of 26 school districts and 4 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2008, the School District paid \$44,364 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, at 221 North Columbus Road, Athens, Ohio 45701.

B. Washington County Career Center

The Washington County Career Center, a joint vocational school, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the 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, Janine Satterfield, Treasurer, at 21740 SR 676, Marietta, Ohio 45750.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 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 \$375 for fiscal year 2008. Financial information can be obtained from Dick Fisher, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 17 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

B. Litigation

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

Note 19 - Set-Asides

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2008, this continues to be set aside.

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

	Budget Stabilization	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2007	\$299,082	(\$210,421)	\$176,189
Current Year Set-aside Requirement	0	177,435	177,435
Designated by the Board	(276,911)	0	0
Qualifying Disbursements	0	(127,437)	(157,639)
Total	<u>\$22,171</u>	<u>(\$160,423)</u>	<u>\$195,985</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$22,171</u>	<u>(\$160,423)</u>	<u>\$195,985</u>

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Grant Year	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Food Donation	10.550	N/A	\$	\$ 19,700	\$	\$ 19,700
Nutrition Cluster:						
School Breakfast Program	10.553	2007	10,217		10,217	
		2008	63,462		63,462	
Total School Breakfast Program			73,679	0	73,679	0
National School Lunch Program	10.555	2007	23,725		23,725	
		2008	167,264		167,264	
Total National School Lunch Program			190,989	0	190,989	0
Total Nutrition Cluster			264,668	0	264,668	0
Total United States Department of Agriculture			264,668	19,700	264,668	19,700
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	84.010	2007	60,262		69,037	
		2008	240,328		236,011	
Total Title I Grants to Local Educational Agencies			300,590	0	305,048	0
Special Education - Grants to States	84.027	2007	37,416		47,910	
		2008	269,364		268,364	
Total Special Education - Grants to States			306,780	0	316,274	0
Safe and Drug-Free Schools and Communities - State Grants	84.186	2007	(385)			
		2008	9,371		9,371	
Total Safe and Drug-Free Schools and Communities - State Grants			8,986	0	9,371	0
State Grants for Innovative Programs	84.298	2008	2,355		2,355	
Education Technology State Grants	84.318	2007	(226)			
		2008	3,011		3,011	
Total Education Technology State Grants			2,785	0	3,011	0
Reading First State Grants	84.357	2007	68,356		84,852	
		2008	358,820		352,034	
Total Reading First State Grants			427,176	0	436,886	0
Improving Teacher Quality State Grants	84.367	2007	7,086		11,301	
		2008	68,058		63,451	
Total Improving Teacher Quality State Grants			75,144	0	74,752	0
Total United States Department of Education			1,123,816	0	1,147,697	0
Total Federal Awards Receipts and Expenditures			\$ 1,388,484	\$ 19,700	\$ 1,412,365	\$ 19,700

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – TRANSFERS

During fiscal year 2008, the Ohio Department of Education (ODE) authorized the District to carryover monies from the prior fiscal year to the current fiscal year. Authorized carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. A detailed listing of the carryovers is as follows:

CFDA Number	Program Title	Grant Year	Transfers Out	Transfers In
84.027	Special Education - Grants to States	2007	\$ 6,269	
84.027	Special Education - Grants to States	2008		\$ 6,269
84.186	Safe and Drug-Free Schools and Communities	2007	385	
84.186	Safe and Drug-Free Schools and Communities	2008		385
84.318	Education Technology State Grants	2007	226	
84.318	Education Technology State Grants	2008		226
Totals			<u>\$ 6,880</u>	<u>\$ 6,880</u>



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 7, 2009. 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

We noted certain matters that we reported to the School District's management in a separate letter dated January 7, 2009.

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 that we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the School District's management in a separate letter dated January 7, 2009.

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



Mary Taylor, CPA
Auditor of State

January 7, 2009



Mary Taylor, CPA

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 Washington Boulevard
Belpre, Ohio 45714

To the Board of Education:

Compliance

We have audited the compliance of Belpre City School District, Washington County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. 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.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

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

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



Mary Taylor, CPA
Auditor of State

January 7, 2009

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education – Grants to States - CFDA #84.027 Reading First State Grants – CFDA #84.357
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	A noncompliance citation and significant deficiency was issued under Ohio Rev. Code § 149.351 for not maintaining adequate student activity supporting documentation and for completing sales potential forms incorrectly.	Yes	



Mary Taylor, CPA
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
FEBRUARY 17, 2009**