



**BELPRE CITY SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**BELPRE CITY SCHOOL DISTRICT  
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## REPORT OF INDEPENDENT ACCOUNTANTS

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 Belpre City School District, Washington County, Ohio, (the School District) as of and for the year ended June 30, 2000. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03(B) requires the School District to file its annual financial report pursuant to generally accepted accounting principles. The School District's financial statements for the year ended June 30, 1999, followed generally accepted accounting principles. However, as discussed in Note 2, for the year ended June 30, 2000, the School District prepared its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments and combined fund cash balances of the Belpre City School District, Washington County, as of June 30, 2000, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management and the Board of Education, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

**Jim Petro**  
Auditor of State

September 11, 2000

**BELPRE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND  
 CASH BALANCES - ALL FUND TYPES  
 AS OF JUNE 30, 2000**

Cash and Cash Equivalents	\$	804,364
Investments		
STAROhio		733,677
<b>Total</b>	<b>\$</b>	<b>1,538,041</b>

**CASH BALANCES BY FUND TYPE**

<b>Governmental Funds:</b>		
General Fund	\$	1,306,074
Special Revenue Funds		150,501
Debt Service Fund		
Capital Projects Funds		24,390
<b>Proprietary Funds:</b>		
Enterprise Funds		24,784
<b>Fiduciary Funds:</b>		
Nonexpendable Trust Fund		10,682
Agency Funds		21,610
<b>Total</b>	<b>\$</b>	<b>1,538,041</b>

*The notes to the financial statements are an integral part of this statement.*

**BELPRE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR FISCAL ENDED JUNE 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Receipts:</b>					
Receipts from Local Sources					
Taxes	\$ 4,658,818	\$	\$ 50,360	\$	\$ 4,709,178
Tuition	49,340				49,340
Earnings on Investment	84,285				84,285
Transportation Fees	7,198				7,198
Extracurricular Activities		92,614			92,614
Classroom Material & Fees	16,304				16,304
Miscellaneous	13,287	18,110			31,397
Receipts from Intermediate Sources					
Restricted Grants-In-Aid		4,930			4,930
Receipts from State Sources					
Unrestricted Grants-In-Aid	2,523,497	28,257			2,551,754
Restricted Grants-In-Aid	19,731	86,081		17,762	123,574
Receipts from Federal Sources					
Restricted Grants-In-Aid		439,309			439,309
<b>Total Receipts</b>	<u>7,372,460</u>	<u>669,301</u>	<u>50,360</u>	<u>17,762</u>	<u>8,109,883</u>
<b>Disbursements:</b>					
Instruction:					
Regular	3,382,953	135,870		70,842	3,589,665
Special	369,805	385,773			755,578
Vocational Education	127,074				127,074
Other Instruction	103,421				103,421
Supporting Services:					
Pupils	469,077	32,638			501,715
Instructional Staff	161,335	48,034			209,369
Board of Education	47,949				47,949
Administration	745,251	25,282			770,533
Fiscal Services	323,968				323,968
Operation and Maintenance - Plant	608,203				608,203
Pupil Transportation	250,426				250,426
Operation of Noninstructional Services:					
Community Services	475				475
Extracurricular Activities:					
Academic and Subject Oriented Activities	11,648				11,648
Sports Oriented	87,255	80,455			167,710
Co-Curricular Activities	5,929	15,205			21,134
Facilities Acquisition and Construction Services:					
Building Improvement	2,000				2,000
Debt Service:					
Repayment of Debt			50,360		50,360
<b>Total Disbursements</b>	<u>6,696,769</u>	<u>723,257</u>	<u>50,360</u>	<u>70,842</u>	<u>7,541,228</u>
Excess of Receipts Over/(Under) Disbursements	<u>675,691</u>	<u>(53,956)</u>	<u>0</u>	<u>(53,080)</u>	<u>568,655</u>
<b>Other Financing Sources/(Uses):</b>					
Sale and Loss of Assets	1,000				1,000
Transfers-In		20,490			20,490
Advances-In	20,000	11,000			31,000
Refund of Prior Year Receipts	30,095				30,095
Transfers-Out	(1,500)	(20,490)			(21,990)
Advances-Out	(15,000)	(16,000)			(31,000)
Refund of Prior Year Receipts		(4,529)			(4,529)
<b>Total Other Financing Sources/(Uses)</b>	<u>34,595</u>	<u>(9,529)</u>	<u>0</u>	<u>0</u>	<u>25,066</u>
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing (Uses)	710,286	(63,485)	0	(53,080)	593,721
Fund Cash Balances, July 1, 1999 (As Restated)	<u>595,788</u>	<u>213,986</u>		<u>77,470</u>	<u>887,244</u>
<b>Fund Cash Balances, June 30, 2000</b>	<u><b>\$ 1,306,074</b></u>	<u><b>\$ 150,501</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 24,390</b></u>	<u><b>\$ 1,480,965</b></u>

The notes to the financial statements are an integral part of this statement.



**BELPRE CITY SCHOOL DISTRICT  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND  
CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Receipts:</b>				
Earnings on Investments	\$	\$	\$	\$
Food Service	95,596	405		95,596
Extracurricular Activities			37,565	37,565
Classroom Materials and Fees	16,593			16,593
<b>Total Operating Receipts</b>	<b>112,189</b>	<b>405</b>	<b>37,565</b>	<b>150,159</b>
<b>Operating Disbursements:</b>				
Personal Services - Salaries	69,548			69,548
Employees' Retirement and Insurance	24,597			24,597
Purchased Services	3,104		9,993	13,097
Supplies and Materials	88,349		20,405	108,754
Capital Outlay		4,000		4,000
Capital Outlay - Replacement	521			521
Other			2,453	2,453
<b>Total Operating Disbursements</b>	<b>186,119</b>	<b>4,000</b>	<b>32,851</b>	<b>222,970</b>
Operating Income/(Loss)	(73,930)	(3,595)	4,714	(72,811)
<b>Nonoperating Receipts/(Disbursements):</b>				
Earnings on Investments	576			576
Miscellaneous	148			148
State On Behalf of School District	3,977			3,977
Federal Unrestricted Grants-In-Aid	66,543			66,543
<b>Total Nonoperating Receipts/(Disbursements)</b>	<b>71,244</b>	<b>0</b>	<b>0</b>	<b>71,244</b>
Excess of Receipts Over/(Under) Disbursements Before Interfund Advances and Transfers	(2,686)	(3,595)	4,714	(1,567)
Transfers-In	1,500			1,500
Advances-In	4,000			4,000
Advances-Out	(4,000)			(4,000)
Net Income/(Loss)	(1,186)	(3,595)	4,714	(67)
Fund Cash Balances, July 1, 1999 (As Restated)	25,970	14,277	16,896	57,143
<b>Fund Cash Balances, June 30, 2000</b>	<b>\$ 24,784</b>	<b>\$ 10,682</b>	<b>\$ 21,610</b>	<b>\$ 57,076</b>

*The notes to the financial statements are an integral part of this statement.*

**BELPRE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
 ALL BUDGETED FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Governmental</b>			
General	\$ 7,001,072	\$ 7,423,555	\$ 422,483
Special Revenue	694,734	700,791	6,057
Debt Service	50,360	50,360	
Capital Projects	17,762	17,762	
<b>Proprietary</b>			
Enterprise	192,482	188,933	(3,549)
<b>Fiduciary</b>			
Nonexpendable Trust	400	405	5
Agency	<u>64,775</u>	<u>37,565</u>	<u>(27,210)</u>
<b>Totals (Memorandum Only)</b>	<b><u>\$ 8,021,585</u></b>	<b><u>\$ 8,419,371</u></b>	<b><u>\$ 397,786</u></b>

*The notes to the financial statements are an integral part of this statement.*

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**BELPRE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
 COMPARED WITH EXPENDITURE AUTHORITY - ALL BUDGETED FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Appropriations</u>	<u>Total</u>
<b>Governmental</b>			
General	\$ 87,892	\$ 7,203,101	\$ 7,290,993
Special Revenue	41,259	797,409	\$838,668
Debt Service		50,360	50,360
Capital Projects	13,361	64,109	77,470
<b>Proprietary</b>			
Enterprise	119	204,193	204,312
<b>Fiduciary</b>			
Nonexpendable Trust		9,600	9,600
Agency	<u>2,063</u>	<u>64,652</u>	<u>66,715</u>
<b>Totals (Memorandum Only)</b>	<b><u>\$ 144,694</u></b>	<b><u>\$ 8,393,424</u></b>	<b><u>\$ 8,538,118</u></b>

*The notes to the financial statements are an integral part of this statement.*

<u>Disbursements</u>	<u>Encumbrances Outstanding 6/30/00</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 6,713,269	\$ 119,539	\$ 6,832,808	\$ 458,185
764,276	22,648	786,924	51,744
50,360		50,360	0
70,842	1,684	72,526	4,944
190,119	138	190,257	14,055
4,000	2,025	6,025	3,575
<u>32,851</u>	<u>815</u>	<u>33,666</u>	<u>33,049</u>
<u><b>\$ 7,825,717</b></u>	<u><b>\$ 146,849</b></u>	<u><b>\$ 7,972,566</b></u>	<u><b>\$ 565,552</b></u>

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**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**1. DESCRIPTION OF THE ENTITY**

The Belpre City School District, Washington County, Ohio, (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines. The Board controls the School District's four instructional/support facilities staffed by 50 classified employees, 94 certified teaching personnel, and 7 administrators, who provide services to 1,366 students and other community members.

The School District is associated with three jointly governed organizations. Additional information can be found in Note 11. The School District is associated with an insurance purchasing pool which is described in Note 12.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

For the year ended June 30, 1999, the School District prepared its financial statements in accordance with generally accepted accounting principles.

Although required by Ohio Administrative Code § 117-2-03(B) to file its annual financial report in accordance with generally accepted accounting principles, for the year ended June 30, 2000, the School District chose to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Differences between fund balances/retained earnings reported at June 30, 1999, and fund balances reported in these statements as of July 1, 1999, are due solely to the revision in accounting methods (see Note 3).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

**B. Pooled Cash and Investments**

The School District Treasurer invests all available funds of the School District in interest-bearing checking accounts and certificates of deposit. For purposes of financial statement presentation, the certificates of deposit are considered cash equivalents.

The School District also has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Pooled Cash and Investments (Continued)**

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings.

**C. Fund Accounting**

The School District maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds.

The restrictions associated with each type of fund are as follows:

**1. Governmental Fund Types:**

**General Fund**

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

**Special Revenue Funds**

The Special Revenue Funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

**Capital Projects Funds**

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).



**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**2. Proprietary Fund Types**

**Enterprise Funds**

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**3. Fiduciary Fund Types**

The Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include a nonexpendable trust fund and agency funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial and thus do not involve measurement of results of operations.

**D. Budgetary Process**

**1. Budget**

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the subsequent July 1 to June 30 fiscal year.

**2. Estimated Resources**

The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to June 30, the School District must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 1999, unencumbered fund balances. However, those fund balances are available for appropriations

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**3. Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**4. Encumbrances**

The School District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**E. Property, Plant and Equipment**

Fixed assets acquired or constructed for the School District are recorded as disbursements. Depreciation is not recorded for these fixed assets.

**F. Accumulated Unpaid Vacation and Sick Leave**

Accumulated unpaid vacation and sick leave are not accrued under the cash basis of accounting described in Note 1. At June 30, 2000, management estimates that \$53,160 in vacation leave and \$3,043,890 in sick leave has been accumulated by the employees of the School District. All leave will either be absorbed by time off from work or, within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of June 30, 2000.

**G. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**3. RESTATEMENT OF PRIOR YEAR BALANCES**

For the year ended June 30, 2000, the School District chose to prepare financial statements on the basis of accounting formerly permitted or prescribed by the Auditor of State. For the year ended June 30, 1999, the School District prepared financial statements pursuant to generally accepted accounting principles. Accordingly, adjustments to the fund balances/retained earnings reported at June 30, 1999, were required in order to reflect the fund balances under the basis of accounting the accompanying financial were prepared (see Note 2). The change in the accounting method for the financial statements had the following effects on the fund balances/retained earnings reported as of June 30, 1999:

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**3. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Fund Balances as previously reported	\$29,955	\$131,722	\$0	\$75,421
Adjustments	<u>565,833</u>	<u>82,264</u>	<u>0</u>	<u>2,049</u>
Restated Fund Balances - June 30, 1999	<u>\$595,788</u>	<u>\$213,986</u>	<u>\$0</u>	<u>\$77,470</u>

	<u>Proprietary Fund Type and Similar Fiduciary Fund Types</u>		
	<u>Enterprise</u>	<u>Non- expendable Trust</u>	<u>Agency</u>
Retained Earnings/Fund Balances as previously reported	(\$129,820)	\$14,383	\$15,106
Adjustments	<u>155,790</u>	<u>(106)</u>	<u>1,790</u>
Restated Fund Balances - June 30, 1999	<u>\$25,970</u>	<u>\$14,277</u>	<u>\$16,896</u>

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

The School District maintains a cash and investment pool which is used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash, Investments and Fund Cash Balances" as "Cash Balances by Fund Type."

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

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

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

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

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

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

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

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

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$804,364 and the bank balance was \$892,257. Of the bank balance, \$114,682 was covered by federal deposit insurance, and \$777,575 was collateralized by securities held by a third party bank in the School District's name.

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

*Investments* - Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000. The School District's investment in the STAROhio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

<u>Investments:</u>	<u>Carrying Value</u>	<u>Market Value</u>
STAROhio	<u>\$733,677</u>	<u>\$733,677</u>

**5. PROPERTY TAXES**

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for fiscal year ended June 30, 2000, was \$31.00 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$31.00 per \$1,000 of assessed valuation for real property classified as residential/agricultural and was \$31.00 and per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the School District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for fiscal year 2000 was \$31.00 per \$1,000 of assessed valuation.

	<u>1999 Second- Half Collections</u>		<u>2000 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/ Residential and Other Real Estate	\$97,321,830	85.28%	\$97,592,210	85.40%
Public Utility Personal	9,294,070	10.39%	9,106,600	9.54%
Tangible Personal		4.33%		5.06%
Property	80,030,240		76,738,590	
Total	<u>\$186,646,140</u>	<u>100.00%</u>	<u>\$183,437,400</u>	<u>100.00%</u>

Tax rate per \$1,000 of assessed valuation	\$31.00	\$31.00
---	---------	---------

The Washington County Treasurer collects property tax on behalf of all taxing districts within their respective County. The Washington County Auditor periodically remits to the taxing districts their portion of the taxes collected.

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**6. DEBT OBLIGATIONS**

Debt outstanding at June 30, 2000, consisted of the following:

General Obligation Note	
Principal Outstanding	\$24,233
Interest Rate	7.90%

The general obligation note is an installment note obtained in order to acquire and install equipment and other improvements which constitute energy conservation measures as per House Bill 264.

The annual requirements to amortize debt outstanding as of June 30, 2000, including an interest payment of \$957, are as follows:

Year Ending June 30	General Obligation Note
2001	<u>\$25,190</u>

**7. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year ending June 30, 2000, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$500 and \$1,000 deductible, respectively.

Professional and general liability is protected by the Nationwide Insurance Company with a \$1,000,000 single occurrence limit with \$5,000,000 aggregate and no deductible. Property damage is on a replacement cost basis for a blanket amount of \$17,964,600 on buildings and contents. Vehicles are covered by Nationwide Insurance Company and holds no deductible for comprehensive and a \$100 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 salaries. This rate is calculated based on accident history and administrative costs.

**8. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

**A. School Employees Retirement System (Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$79,101, \$82,932, and \$102,652, respectively.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$235,101, \$242,527, and \$416,403, respectively.

**9. POST-EMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$313,467 for fiscal year 2000.

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**9. POST-EMPLOYMENT BENEFITS (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999 (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefit, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$64,719.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**10. EMPLOYEE BENEFITS**

**A. Other Employee Benefits**

The School District provides health and major insurance for all eligible employees through Anthem Blue Cross/ Blue Shield Insurance Company. The School District pays monthly premiums of up to \$575.27 for family and up to \$207.93 for individual for Point of Service coverage and up to \$588.97 for family and \$212.90 for individual for Preferred Provider Organizations coverage. Premiums are paid from the same funds that pay the employees' salaries.

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

Dental coverage is provided through Core Source, Inc. Premiums for this coverage are \$31.32 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 \$10.14 for family and individual coverage.



**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**10. EMPLOYEE BENEFITS (Continued)**

**B. Deferred Compensation**

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**11. JOINTLY GOVERNED ORGANIZATIONS**

**A. Southeast Ohio Voluntary Educational Consortium (SEOVEC)**

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC's governing board is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

**B. The Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition.

**C. Washington County Joint Vocational School**

The Washington County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the Washington County Educational Service Center's board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Joint Vocational School, Mary Bee, Treasurer, Route 2, Marietta, Ohio 45750.

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**12. INSURANCE PURCHASING POOL**

**Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan**

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

**13. STATUTORY RESERVES**

The School District is required by state law to set aside certain General Fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance - 7/1/99	\$0	\$37,388	\$103,802	\$141,190
Required Set-Aside	173,331	173,331	0	346,662
Offset Credits	0	0	20,772	20,772
Qualifying Expenditures	(132,155)	(58,044)	0	(190,199)
Balance - 6/30/00	<u>\$41,176</u>	<u>\$152,675</u>	<u>\$124,574</u>	<u>\$318,425</u>

**14. STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,231,086 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**14. STATE SCHOOL FUNDING DECISION (Continued)**

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**15. CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.

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**BELPRE CITY SCHOOL DISTRICT  
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program (Commodities)	10.550	N/A	\$ 0	\$ 12,227	\$ 0	\$ 13,166
National School Lunch Program	10.555	03-PU-99	2,059	0	2,059	0
		04-PU-99	7,194	0	7,194	0
		03-PU-00	12,928	0	12,928	0
		04-PU-00	44,362	0	44,362	0
Total National School Lunch Program			<u>66,543</u>	<u>0</u>	<u>66,543</u>	<u>0</u>
Total Nutrition Cluster			<u>66,543</u>	<u>12,227</u>	<u>66,543</u>	<u>13,166</u>
Total United States Department of Agriculture			66,543	12,227	66,543	13,166
<b>UNITED STATES DEPARTMENT OF LABOR</b>						
<i>Passed through the Washington County JVS</i>						
Employment Services and Job Training						
Pilot and Demonstration Program	17.249	WE-BE-99	12,442	0	9,835	0
<i>Passed through the Ohio Department of Education</i>						
Employment Services and Job Training						
Pilot and Demonstration Program	17.249	WE-BE-99	13,338	0	9,946	0
		WE-BE-98	0	0	5,000	0
Total Employment Services and Job Training Pilot and Demonstration Program			<u>25,780</u>	<u>0</u>	<u>24,781</u>	<u>0</u>
Total United States Department of Labor			25,780	0	24,781	0
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education</i>						
Grants to Local Educational Agencies (ESEA Title I)	84.010	C1-S1-99	21,976	0	73,359	0
		C1-S1-99C	0	0	14,433	0
		C1-S1-00	196,678	0	170,473	0
Total Grants to Local Educational Agencies			<u>218,654</u>	<u>0</u>	<u>258,265</u>	<u>0</u>
Special Education Grants to States (Title IV-B)	84.027	6B-SF-99P	0	0	20,742	0
		6B-SF-00P	68,934	0	64,781	0
Total Special Education Grants to States (Title IV-B)			<u>68,934</u>	<u>0</u>	<u>85,523</u>	<u>0</u>
Drug-Free Schools and Community Grant	84.186	DR-S1-99C	0	0	2,853	0
		DR-S1-00	5,315	0	3,009	0
Total Drug-Free Schools and Community Grant			<u>5,315</u>	<u>0</u>	<u>5,862</u>	<u>0</u>
Eisenhower Professional Development Grant	84.281	MS-S1-98C	0	0	2,681	0
		MS-S1-99C	0	0	1,894	0
		MS-S1-99	0	0	1,404	0
		MS-S1-00	4,137	0	2,711	0
Total Eisenhower Professional Development Grant			<u>4,137</u>	<u>0</u>	<u>8,690</u>	<u>0</u>
Innovative Education Program Strategies (Title VI)	84.298	C2-S1-99C	0	0	2,184	0
		C2-S1-99	927	0	3,330	0
		C2-S1-00	6,755	0	6,755	0
Total Innovative Education Program Strategies			<u>7,682</u>	<u>0</u>	<u>12,269</u>	<u>0</u>
Class Size Reduction Grant	84.340	CR-S1-00	39,068	0	38,343	0
Total United States Department of Education			<u>343,790</u>	<u>0</u>	<u>408,952</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<u><b>\$ 436,113</b></u>	<u><b>\$ 12,227</b></u>	<u><b>\$ 500,276</b></u>	<u><b>\$ 13,166</b></u>

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

**BELPRE CITY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the School District had no significant food commodities in inventory.



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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL 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 Belpre City School District, Washington County, Ohio, (the School District) as of and for the year ended June 30, 2000, and have issued our report thereon dated September 11, 2000, wherein we noted that the School District had not adopted generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2000-11084-001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated September 11, 2000.

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

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

September 11, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Belpre City School District, Washington County, Ohio, (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

**Internal Control Over Compliance**

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

September 11, 2000

**BELPRE CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

**BELPRE CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**Finding Number 2000-11084-001**

**Noncompliance Citation**

Ohio Admin. Code § 117-2-03(B) requires the School District to file its annual financial report pursuant to generally accepted accounting principles.

However, the School District prepared and filed its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other legal administrative remedies may be taken against the School District.

We recommend the School District take the necessary steps to ensure that the annual financial report is prepared and filed pursuant to generally accepted accounting principles.

**3. FINDINGS FOR FEDERAL AWARDS**

There were no findings related to federal awards.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
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**BELPRE CITY SCHOOL DISTRICT**

**WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 24, 2000**