



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, the business-type activities, each major fund, and the aggregate remaining fund information of Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2006, 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 Belpre City School District, Washington County, Ohio, as of June 30, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Federal Grant Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2007, 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 9, 2007

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
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, 2006. 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 2006 are as follows:

- In total, net assets decreased \$755,523. Net assets of governmental activities decreased \$758,405, which represents an 11% decrease from 2005. Net assets of the business-type activity increased \$2,882.
- General revenues accounted for \$7,902,234 in revenue or 79% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,062,607 or 21% of total revenues of \$9,944,841.
- Total program expenses were \$11,018,264; \$10,703,246 in governmental activities and \$315,018 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 2006?" 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, 2006
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.

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 2006 compared to 2005.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
 Unaudited

(Table 1)
 Net Assets

| | Governmental Activities | | Business-Type Activity | | Total | |
|-------------------------------|-------------------------|--------------------|------------------------|-----------------|--------------------|--------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Assets | | | | | | |
| Current and Other Assets | \$7,024,653 | \$8,636,100 | \$25,601 | \$28,273 | \$7,050,254 | \$8,664,373 |
| Capital Assets, Net | 6,089,097 | 6,064,239 | 91,799 | 94,005 | 6,180,896 | 6,158,244 |
| <i>Total Assets</i> | <u>13,113,750</u> | <u>14,700,339</u> | <u>117,400</u> | <u>122,278</u> | <u>13,231,150</u> | <u>14,822,617</u> |
| Liabilities | | | | | | |
| Current and Other Liabilities | 6,242,189 | 7,026,477 | 27,142 | 33,472 | 6,269,331 | 7,059,949 |
| Long-term Liabilities | | | | | | |
| Due Within One Year | 49,526 | 51,180 | 0 | 0 | 49,526 | 51,180 |
| Due in More Than One Year | 737,646 | 779,888 | 6,118 | 7,548 | 743,764 | 787,436 |
| <i>Total Liabilities</i> | <u>7,029,361</u> | <u>7,857,545</u> | <u>33,260</u> | <u>41,020</u> | <u>7,062,621</u> | <u>7,898,565</u> |
| Net Assets | | | | | | |
| Invested in Capital Assets, | | | | | | |
| Net of Related Debt | 5,919,540 | 5,860,446 | 91,799 | 94,005 | 6,011,339 | 5,954,451 |
| Restricted | 355,688 | 713,179 | 0 | 0 | 355,688 | 713,179 |
| Unrestricted (Deficit) | (190,839) | 269,169 | (7,659) | (12,747) | (198,498) | 256,422 |
| <i>Total Net Assets</i> | <u>\$6,084,389</u> | <u>\$6,842,794</u> | <u>\$84,140</u> | <u>\$81,258</u> | <u>\$6,168,529</u> | <u>\$6,924,052</u> |

Total assets decreased \$1,591,467, with governmental assets decreasing \$1,586,589 and business-type assets decreasing \$4,878. For governmental activities, \$577,663 of the decrease is in equity in pooled cash and cash equivalents alone. The School District's expenditures are exceeding the revenues received for the fiscal year, using up the cash balance.

Total liabilities decreased \$835,944, with governmental liabilities decreasing \$828,184 and business-type liabilities decreasing \$7,760. The largest decrease for the governmental activities is in deferred revenue.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2006 compared to June 30, 2005.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
 Unaudited

(Table 2)
 Changes in Net Assets

| | Governmental Activities | | Business-Type Activity | | Total | |
|---|----------------------------|--------------------|---------------------------|-----------------|--------------------|--------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$492,580 | \$517,294 | \$127,369 | \$134,695 | \$619,949 | \$651,989 |
| Operating Grants, Contributions and Interest | 1,565,925 | 1,090,258 | 170,242 | 170,791 | 1,736,167 | 1,261,049 |
| Capital Grants and Contributions | 4,102 | 53,571 | 0 | 0 | 4,102 | 53,571 |
| Total Program Revenues | <u>2,062,607</u> | <u>1,661,123</u> | <u>297,611</u> | <u>305,486</u> | <u>2,360,218</u> | <u>1,966,609</u> |
| General Revenues: | | | | | | |
| Property Taxes | 5,085,776 | 5,580,541 | 0 | 0 | 5,085,776 | 5,580,541 |
| Grants and Entitlements | 2,700,368 | 2,395,578 | 0 | 0 | 2,700,368 | 2,395,578 |
| Payments in Lieu of Taxes | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | 103,225 | 105,239 | 289 | 297 | 103,514 | 105,536 |
| Miscellaneous | 12,865 | 22,360 | 0 | 0 | 12,865 | 22,360 |
| Total General Revenues | <u>7,902,234</u> | <u>8,103,718</u> | <u>289</u> | <u>297</u> | <u>7,902,523</u> | <u>8,104,015</u> |
| Transfers | <u>(20,000)</u> | <u>(35,000)</u> | <u>20,000</u> | <u>35,000</u> | <u>0</u> | <u>0</u> |
| Total Revenues and Transfers | <u>9,944,841</u> | <u>9,729,841</u> | <u>317,900</u> | <u>340,783</u> | <u>10,262,741</u> | <u>10,070,624</u> |
| Program Expenses | | | | | | |
| Instruction: | | | | | | |
| Regular | 4,758,340 | 4,940,903 | 0 | 0 | 4,758,340 | 4,940,903 |
| Special | 1,397,993 | 1,183,091 | 0 | 0 | 1,397,993 | 1,183,091 |
| Vocational | 58,769 | 43,471 | 0 | 0 | 58,769 | 43,471 |
| Other | 32,633 | 0 | 0 | 0 | 32,633 | 0 |
| Support Services: | | | | | | |
| Pupils | 758,514 | 963,352 | 0 | 0 | 758,514 | 963,352 |
| Instructional Staff | 589,536 | 218,099 | 0 | 0 | 589,536 | 218,099 |
| Board of Education | 43,659 | 37,671 | 0 | 0 | 43,659 | 37,671 |
| Administration | 972,036 | 958,578 | 0 | 0 | 972,036 | 958,578 |
| Fiscal | 357,219 | 369,893 | 0 | 0 | 357,219 | 369,893 |
| Business | 1,718 | 1,568 | 0 | 0 | 1,718 | 1,568 |
| Operation and Maintenance | | | | | | |
| of Plant | 1,002,396 | 999,755 | 0 | 0 | 1,002,396 | 999,755 |
| Transportation | 439,440 | 435,613 | 0 | 0 | 439,440 | 435,613 |
| Central | 5,611 | 6,920 | 0 | 0 | 5,611 | 6,920 |
| Operation of Non-Instructional | | | | | | |
| Services | 22,113 | 4,990 | 0 | 0 | 22,113 | 4,990 |
| Extracurricular Activities | 255,152 | 250,881 | 0 | 0 | 255,152 | 250,881 |
| Interest and Fiscal Charges | 8,117 | 9,468 | 0 | 0 | 8,117 | 9,468 |
| Food Service | 0 | 0 | 315,018 | 340,218 | 315,018 | 340,218 |
| Total Expenses | <u>10,703,246</u> | <u>10,424,253</u> | <u>315,018</u> | <u>340,218</u> | <u>11,018,264</u> | <u>10,764,471</u> |
| Decrease in Net Assets | (758,405) | (694,412) | 2,882 | 565 | (755,523) | (693,847) |
| Net Assets Beginning of Year | 6,842,794 | 7,537,206 | 81,258 | 80,693 | 6,924,052 | 7,617,899 |
| Net Assets End of Year | <u>\$6,084,389</u> | <u>\$6,842,794</u> | <u>\$84,140</u> | <u>\$81,258</u> | <u>\$6,168,529</u> | <u>\$6,924,052</u> |

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Governmental Activities

Property taxes made up approximately 51 percent of revenues for governmental activities for Belpre City School District. Of the remaining revenues, the School District receives 42.9 percent from state foundation, federal, and state grants; 4.9 percent from charges for services; and 1.2 percent from interest and local entities.

Over 58.4 percent of the School District's budget is used to fund instructional expenses. Support services make up 38.9 percent of expenses and 2.7 percent is used for fiscal charges, extracurricular activities, and non-instructional services.

During the fiscal year, the School District experienced changes in the following: an 8.5 percent decrease in health insurance costs, a negotiated 2.5 percent salary increase, increased open enrollment to other districts, increased workers compensation costs, as well as increases in utility and fuel costs.

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

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
 Unaudited

(Table 3)
 Governmental Activities

| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
|---|---------------------------|-------------------------|---------------------------|-------------------------|
| | 2006 | 2006 | 2005 | 2005 |
| Program Expenses | | | | |
| Instruction: | | | | |
| Regular | \$4,758,340 | \$4,065,981 | \$4,940,903 | \$4,393,549 |
| Special | 1,397,993 | 621,774 | 1,183,091 | 467,050 |
| Vocational | 58,769 | 52,422 | 43,471 | 36,807 |
| Other | 32,633 | 32,633 | 0 | 0 |
| Support Services: | | | | |
| Pupils | 758,514 | 706,217 | 963,352 | 776,480 |
| Instructional Staff | 589,536 | 200,792 | 218,099 | 146,880 |
| Board of Education | 43,659 | 43,659 | 37,671 | 37,671 |
| Administration | 972,036 | 968,562 | 958,578 | 958,578 |
| Fiscal | 357,219 | 357,219 | 369,893 | 369,893 |
| Business | 1,718 | 1,718 | 1,568 | 1,568 |
| Operation and Maintenance of Plant | 1,002,396 | 986,889 | 999,755 | 972,190 |
| Pupil Transportation | 439,440 | 412,617 | 435,613 | 409,214 |
| Central | 5,611 | 611 | 6,920 | 599 |
| Operation of Non-Instructional Services | 22,113 | 4,029 | 4,990 | 4,844 |
| Extracurricular Activities | 255,152 | 177,399 | 250,881 | 178,266 |
| Interest and Fiscal Charges | 8,117 | 8,117 | 9,468 | 9,468 |
| Total | \$10,703,246 | \$8,640,639 | \$10,424,253 | \$8,763,057 |

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Nearly 74 percent of total expenses are supported through taxes and other general revenues.

Business-Type Activity

The business-type activity involves the School District's food service operation. This program had total revenues of \$297,900 and total expenses of \$315,018 for fiscal year 2006. It is the intent of Management to increase prices gradually in future fiscal years and to utilize a food service management company beginning in fiscal year 2007.

The School District Funds

All governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,169,221 and expenditures of \$10,775,152. The \$462,820 decrease in fund balance in the General Fund is due to a negotiated 2.5 percent salary increase, open enrollment increases to other districts, and a refund of taxes with interest of over \$304,000 to a local business through the County Auditor. The Other Governmental Funds had decreases in fund balance of \$115,479. Although all governmental fund revenues exceeded the prior year's revenues by 2.5 percent, it was not enough to offset the over 3.7 percent increase in expenditures.

Belpre City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
 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 2006, the School District amended its General Fund budget, but not significantly. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$8,690,925, \$2,200 above final estimates of \$8,688,725. Final estimated revenues were reduced \$185,395 from the original of \$8,874,120. The majority of this difference was due to the refund of taxes to local businesses of over \$304,000. Expenditures of \$9,303,329 were lower than final appropriations of \$9,398,534. Final appropriations were \$264,163 below originals. The majority of this difference is due to health insurance premiums being 8.5% lower than projected, the reduction of 12 classified staff positions, and the reduction of 3 certified staff positions.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the School District had \$6,180,896 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2006 balances compared to 2005.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|--------------------|--------------------------|-----------------|--------------------|--------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | \$1,232,814 | \$1,232,814 | \$0 | \$0 | \$1,232,814 | \$1,232,814 |
| Land Improvements | 390,450 | 421,608 | 0 | 0 | 390,450 | 421,608 |
| Buildings and Improvements | 3,010,419 | 2,930,320 | 0 | 0 | 3,010,419 | 2,930,320 |
| Furniture and Equipment | 855,256 | 835,194 | 91,799 | 94,005 | 947,055 | 929,199 |
| Vehicles | 600,158 | 631,098 | 0 | 0 | 600,158 | 631,098 |
| Construction in Progress | 0 | 13,205 | 0 | 0 | 0 | 13,205 |
| Totals | \$6,089,097 | \$6,064,239 | \$91,799 | \$94,005 | \$6,180,896 | \$6,158,244 |

In 2006, School District had capital projects that included a roof replacement at the high school, replacing asphalt where needed throughout the School District, and replacing equipment as needed.

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

Debt

At June 30, 2006, the School District had \$173,000 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, 2006
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 2009 by trimming expenses and living within the means provided. Upon reviewing the School District's five-year forecast, the biggest concerns are fiscal year 2010 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 2008.

Contacting the School District's Financial Management

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

Belpre City School District, Ohio

Statement of Net Assets

June 30, 2006

| | Governmental Activities | Business-Type Activity | Total |
|--|----------------------------|---------------------------|---------------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,008,259 | \$600 | \$2,008,859 |
| Cash and Cash Equivalents in Segregated Accounts | 673 | 0 | 673 |
| Investments | 2,500 | 0 | 2,500 |
| Inventory Held for Resale | 0 | 2,518 | 2,518 |
| Materials and Supplies Inventory | 28,376 | 1,603 | 29,979 |
| Interest Receivable | 148 | 0 | 148 |
| Intergovernmental Receivable | 169,830 | 20,794 | 190,624 |
| Prepaid Items | 1,107 | 0 | 1,107 |
| Accounts Receivable | 13,184 | 86 | 13,270 |
| Property Taxes Receivable | 4,797,133 | 0 | 4,797,133 |
| Deferred Charges | 3,443 | 0 | 3,443 |
| Nondepreciable Capital Assets | 1,232,814 | 0 | 1,232,814 |
| Depreciable Capital Assets, Net | 4,856,283 | 91,799 | 4,948,082 |
| <i>Total Assets</i> | <u>13,113,750</u> | <u>117,400</u> | <u>13,231,150</u> |
| Liabilities | | | |
| Accounts Payable | 46,180 | 0 | 46,180 |
| Accrued Wages and Benefits Payable | 1,114,395 | 17,940 | 1,132,335 |
| Vacation Benefits Payable | 29,927 | 0 | 29,927 |
| Deferred Revenue | 4,696,735 | 0 | 4,696,735 |
| Intergovernmental Payable | 354,952 | 9,202 | 364,154 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 49,526 | 0 | 49,526 |
| Due In More Than One Year | 737,646 | 6,118 | 743,764 |
| <i>Total Liabilities</i> | <u>7,029,361</u> | <u>33,260</u> | <u>7,062,621</u> |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 5,919,540 | 91,799 | 6,011,339 |
| Restricted for: | | | |
| Capital Projects | 62,919 | 0 | 62,919 |
| Budget Stabilization | 22,171 | 0 | 22,171 |
| Bus Purchase | 50,975 | 0 | 50,975 |
| Textbooks | 167,734 | 0 | 167,734 |
| Unclaimed Monies | 1,790 | 0 | 1,790 |
| Music Trust: | | | |
| Non-Expendable | 2,500 | 0 | 2,500 |
| Expendable | 1,004 | 0 | 1,004 |
| Other Purposes | 46,595 | 0 | 46,595 |
| Unrestricted (Deficits) | <u>(190,839)</u> | <u>(7,659)</u> | <u>(198,498)</u> |
| <i>Total Net Assets</i> | <u><u>\$6,084,389</u></u> | <u><u>\$84,140</u></u> | <u><u>\$6,168,529</u></u> |

See accompanying notes to the basic financial statements

Belpre City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2006

| | 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 | \$4,758,340 | \$396,105 | \$296,254 | \$0 | (\$4,065,981) | \$0 | (\$4,065,981) |
| Special | 1,397,993 | 0 | 776,219 | 0 | (621,774) | 0 | (621,774) |
| Vocational | 58,769 | 0 | 6,347 | 0 | (52,422) | 0 | (52,422) |
| Intervention | 32,633 | 0 | 0 | 0 | (32,633) | 0 | (32,633) |
| Support Services: | | | | | | | |
| Pupils | 758,514 | 17,662 | 34,635 | 0 | (706,217) | 0 | (706,217) |
| Instructional Staff | 589,536 | 0 | 388,744 | 0 | (200,792) | 0 | (200,792) |
| Board of Education | 43,659 | 0 | 0 | 0 | (43,659) | 0 | (43,659) |
| Administration | 972,036 | 0 | 3,474 | 0 | (968,562) | 0 | (968,562) |
| Fiscal | 357,219 | 0 | 0 | 0 | (357,219) | 0 | (357,219) |
| Business | 1,718 | 0 | 0 | 0 | (1,718) | 0 | (1,718) |
| Operation and | | | | | | | |
| Maintenance of Plant | 1,002,396 | 1,060 | 14,447 | 0 | (986,889) | 0 | (986,889) |
| Pupil Transportation | 439,440 | 0 | 22,721 | 4,102 | (412,617) | 0 | (412,617) |
| Central | 5,611 | 0 | 5,000 | 0 | (611) | 0 | (611) |
| Operation of Non-Instructional | | | | | | | |
| Services | 22,113 | 0 | 18,084 | 0 | (4,029) | 0 | (4,029) |
| Extracurricular Activities | 255,152 | 77,753 | 0 | 0 | (177,399) | 0 | (177,399) |
| Interest and Fiscal Charges | 8,117 | 0 | 0 | 0 | (8,117) | 0 | (8,117) |
| <i>Total Governmental Activities</i> | 10,703,246 | 492,580 | 1,565,925 | 4,102 | (8,640,639) | 0 | (8,640,639) |
| Business-Type Activity | | | | | | | |
| Food Service | 315,018 | 127,369 | 170,242 | 0 | 0 | (17,407) | (17,407) |
| <i>Totals</i> | <u>\$11,018,264</u> | <u>\$619,949</u> | <u>\$1,736,167</u> | <u>\$4,102</u> | <u>(8,640,639)</u> | <u>(17,407)</u> | <u>(8,658,046)</u> |
| General Revenues | | | | | | | |
| Property Taxes Levied for General Purposes | | | | | 5,085,776 | 0 | 5,085,776 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 2,700,368 | 0 | 2,700,368 |
| Interest | | | | | 103,225 | 289 | 103,514 |
| Miscellaneous | | | | | 12,865 | 0 | 12,865 |
| <i>Total General Revenues</i> | | | | | 7,902,234 | 289 | 7,902,523 |
| Transfers | | | | | (20,000) | 20,000 | 0 |
| <i>Total General Revenues and Transfers</i> | | | | | 7,882,234 | 20,289 | 7,902,523 |
| <i>Change in Net Assets</i> | | | | | (758,405) | 2,882 | (755,523) |
| <i>Net Assets Beginning of Year</i> | | | | | 6,842,794 | 81,258 | 6,924,052 |
| <i>Net Assets End of Year</i> | | | | | <u>\$6,084,389</u> | <u>\$84,140</u> | <u>\$6,168,529</u> |

See accompanying notes to the basic financial statements

Belpre City School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2006

| | General | Federal Grants | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|-------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,551,100 | \$15,063 | \$199,426 | \$1,765,589 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 0 | 673 | 673 |
| Investments | 0 | 0 | 2,500 | 2,500 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 242,670 | 0 | 0 | 242,670 |
| Receivables: | | | | |
| Property Taxes | 4,797,133 | 0 | 0 | 4,797,133 |
| Accounts | 13,184 | 0 | 0 | 13,184 |
| Intergovernmental | 185 | 167,311 | 2,334 | 169,830 |
| Interest | 0 | 0 | 148 | 148 |
| Prepaid Items | 1,107 | 0 | 0 | 1,107 |
| Materials and Supplies Inventory | 28,376 | 0 | 0 | 28,376 |
| <i>Total Assets</i> | <u>\$6,633,755</u> | <u>\$182,374</u> | <u>\$205,081</u> | <u>\$7,021,210</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$34,294 | \$1,784 | \$10,102 | \$46,180 |
| Accrued Wages and Benefits Payable | 921,542 | 171,516 | 21,337 | 1,114,395 |
| Intergovernmental Payable | 318,943 | 32,251 | 3,758 | 354,952 |
| Deferred Revenue | 4,723,851 | 10,964 | 148 | 4,734,963 |
| <i>Total Liabilities</i> | <u>5,998,630</u> | <u>216,515</u> | <u>35,345</u> | <u>6,250,490</u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 100,449 | 6,071 | 19,225 | 125,745 |
| Reserved for Contributions | 0 | 0 | 2,500 | 2,500 |
| Reserved for Property Taxes | 81,076 | 0 | 0 | 81,076 |
| Reserved for Bus Purchase | 50,975 | 0 | 0 | 50,975 |
| Reserved for Budget Stabilization | 22,171 | 0 | 0 | 22,171 |
| Reserved for Textbooks | 167,734 | 0 | 0 | 167,734 |
| 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) | (65,981) | 0 | 0 | (65,981) |
| Special Revenue Funds (Deficit) | 0 | (40,212) | 84,236 | 44,024 |
| Capital Projects Funds | 0 | 0 | 62,919 | 62,919 |
| Permanent Fund | 0 | 0 | 856 | 856 |
| <i>Total Fund Balances (Deficit)</i> | <u>635,125</u> | <u>(34,141)</u> | <u>169,736</u> | <u>770,720</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$6,633,755</u> | <u>\$182,374</u> | <u>\$205,081</u> | <u>\$7,021,210</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, 2006*

| | | |
|--|-----------|-------------|
| Total Governmental Fund Balances | | \$770,720 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because</i> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 6,089,097 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | | |
| Property Taxes | 19,322 | |
| Grants | 10,964 | |
| Interest | 148 | |
| Student Fees | 7,794 | 38,228 |
| Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. | | 3,443 |
| 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. | | (29,927) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Energy Conservation Loan Payable | (173,000) | |
| Sick Leave Benefits Payable | (614,172) | (787,172) |
| Net Assets of Governmental Activities | | \$6,084,389 |

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, 2006

| | General | Federal Grants | Other Governmental Funds | Total Governmental Funds |
|--|------------------|-------------------|--------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$5,296,999 | \$0 | \$0 | \$5,296,999 |
| Intergovernmental | 2,897,900 | 1,164,718 | 202,071 | 4,264,689 |
| Interest | 103,150 | 0 | 0 | 103,150 |
| Tuition and Fees | 376,875 | 0 | 18,138 | 395,013 |
| Extracurricular Activities | 0 | 0 | 90,760 | 90,760 |
| Miscellaneous | 13,925 | 0 | 4,685 | 18,610 |
| <i>Total Revenues</i> | <u>8,688,849</u> | <u>1,164,718</u> | <u>315,654</u> | <u>10,169,221</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,468,812 | 146,102 | 164,557 | 4,779,471 |
| Special | 726,498 | 643,169 | 0 | 1,369,667 |
| Vocational | 57,863 | 0 | 0 | 57,863 |
| Other | 0 | 30,844 | 1,789 | 32,633 |
| Support Services: | | | | |
| Pupils | 693,597 | 18,000 | 44,115 | 755,712 |
| Instructional Staff | 154,689 | 367,025 | 15,077 | 536,791 |
| Board of Education | 43,627 | 0 | 0 | 43,627 |
| Administration | 963,437 | 3,800 | 0 | 967,237 |
| Fiscal | 356,906 | 0 | 0 | 356,906 |
| Business | 1,718 | 0 | 0 | 1,718 |
| Operation and Maintenance of Plant | 967,673 | 2,410 | 12,000 | 982,083 |
| Pupil Transportation | 411,701 | 0 | 0 | 411,701 |
| Central | 0 | 0 | 5,000 | 5,000 |
| Operation of Non-Instructional Services | 0 | 0 | 17,723 | 17,723 |
| Extracurricular Activities | 183,816 | 0 | 78,210 | 262,026 |
| Capital Outlay | 59,979 | 0 | 92,662 | 152,641 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 35,000 | 35,000 |
| Interest and Fiscal Charges | 0 | 0 | 7,353 | 7,353 |
| <i>Total Expenditures</i> | <u>9,090,316</u> | <u>1,211,350</u> | <u>473,486</u> | <u>10,775,152</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(401,467)</u> | <u>(46,632)</u> | <u>(157,832)</u> | <u>(605,931)</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sale of Capital Assets | 1,000 | 0 | 0 | 1,000 |
| Transfers In | 0 | 0 | 42,353 | 42,353 |
| Transfers Out | (62,353) | 0 | 0 | (62,353) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(61,353)</u> | <u>0</u> | <u>42,353</u> | <u>(19,000)</u> |
| <i>Net Change in Fund Balances</i> | (462,820) | (46,632) | (115,479) | (624,931) |
| <i>Fund Balances Beginning of Year</i> | <u>1,097,945</u> | <u>12,491</u> | <u>285,215</u> | <u>1,395,651</u> |
| <i>Fund Balances (Deficit) End of Year</i> | <u>\$635,125</u> | <u>(\$34,141)</u> | <u>\$169,736</u> | <u>\$770,720</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, 2006*

Net Change in Fund Balances - Total Governmental Funds (\$624,931)

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

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

| | | |
|-------------------------|------------------|--------|
| Capital Asset Additions | 266,021 | |
| Depreciation Expense | <u>(230,017)</u> | 36,004 |

The cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a loss on disposal of capital assets on the statement of activities:

| | | |
|------------------------------------|-----------------|----------|
| Proceeds on Sale of Capital Assets | (1,000) | |
| Loss on Disposal of Capital Assets | <u>(10,146)</u> | (11,146) |

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

| | | |
|------------------|------------------|-----------|
| Student Fees | 1,092 | |
| Grants | 5,676 | |
| Interest | 75 | |
| Delinquent Taxes | <u>(211,223)</u> | (204,380) |

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 | 2,916 | |
| Sick Leave Benefits Payable | <u>8,896</u> | <u>11,812</u> |

Change in Net Assets of Governmental Activities (\$758,405)

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, 2006

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes | \$5,767,592 | \$5,307,805 | \$5,307,805 | \$0 |
| Intergovernmental | 2,662,228 | 2,897,900 | 2,897,900 | 0 |
| Interest | 100,000 | 103,150 | 103,150 | 0 |
| Tuition and Fees | 336,500 | 375,306 | 375,306 | 0 |
| Miscellaneous | 7,800 | 4,564 | 6,764 | 2,200 |
| <i>Total Revenues</i> | <u>8,874,120</u> | <u>8,688,725</u> | <u>8,690,925</u> | <u>2,200</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,765,009 | 4,550,209 | 4,512,168 | 38,041 |
| Special | 714,546 | 783,185 | 774,481 | 8,704 |
| Vocational | 60,513 | 60,513 | 58,188 | 2,325 |
| Support Services: | | | | |
| Pupils | 772,066 | 713,859 | 707,734 | 6,125 |
| Instructional Staff | 140,078 | 152,203 | 150,538 | 1,665 |
| Board of Education | 45,471 | 51,271 | 48,245 | 3,026 |
| Administration | 991,746 | 968,527 | 962,044 | 6,483 |
| Fiscal | 385,267 | 367,404 | 361,509 | 5,895 |
| Business | 2,427 | 2,426 | 2,095 | 331 |
| Operation and Maintenance of Plant | 1,060,160 | 1,079,713 | 1,065,048 | 14,665 |
| Pupil Transportation | 472,593 | 429,165 | 424,519 | 4,646 |
| Central | 40 | 40 | 0 | 40 |
| Extracurricular Activities | 184,281 | 179,581 | 176,322 | 3,259 |
| Capital Outlay | 68,500 | 60,438 | 60,438 | 0 |
| <i>Total Expenditures</i> | <u>9,662,697</u> | <u>9,398,534</u> | <u>9,303,329</u> | <u>95,205</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(788,577)</u> | <u>(709,809)</u> | <u>(612,404)</u> | <u>97,405</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sale of Capital Assets | 0 | 1,000 | 1,000 | 0 |
| Refund of Prior Year Expenditures | 65,000 | 66,930 | 66,930 | 0 |
| Advances In | 0 | 13,263 | 13,263 | 0 |
| Refund of Prior Year Receipts | 0 | (2,992) | (2,992) | 0 |
| Other Financing Uses | (70,000) | 0 | 0 | 0 |
| Advances Out | (10,000) | (10,000) | (2,115) | 7,885 |
| Transfers Out | (44,000) | (62,355) | (62,353) | 2 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(59,000)</u> | <u>5,846</u> | <u>13,733</u> | <u>7,887</u> |
| <i>Net Change in Fund Balance</i> | <u>(847,577)</u> | <u>(703,963)</u> | <u>(598,671)</u> | <u>105,292</u> |
| <i>Fund Balance Beginning of Year</i> | 2,152,038 | 2,152,038 | 2,152,038 | 0 |
| Prior Year Encumbrances Appropriated | 93,510 | 93,510 | 93,510 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$1,397,971</u> | <u>\$1,541,585</u> | <u>\$1,646,877</u> | <u>\$105,292</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, 2006*

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Intergovernmental | \$1,372,181 | \$1,120,606 | \$1,120,606 | \$0 |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 175,781 | 145,603 | 145,603 | 0 |
| Special | 816,779 | 627,750 | 625,743 | 2,007 |
| Other | 1,762 | 14,186 | 14,137 | 49 |
| Support Services: | | | | |
| Pupils | 18,200 | 18,000 | 18,000 | 0 |
| Instructional Staff | 350,194 | 312,405 | 312,177 | 228 |
| Administration | 5,000 | 3,800 | 3,800 | 0 |
| Operation and Maintenance of Plant | 18,846 | 8,840 | 8,840 | 0 |
| <i>Total Expenditures</i> | <u>1,386,562</u> | <u>1,130,584</u> | <u>1,128,300</u> | <u>2,284</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(14,381)</u> | <u>(9,978)</u> | <u>(7,694)</u> | <u>2,284</u> |
| Other Financing Sources (Uses) | | | | |
| Advances In | 0 | 2,115 | 2,115 | 0 |
| Advances Out | 0 | (2,115) | (2,115) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (14,381) | (9,978) | (7,694) | 2,284 |
| <i>Fund Balance Beginning of Year</i> | 3,144 | 3,144 | 3,144 | 0 |
| Prior Year Encumbrances Appropriated | 11,758 | 11,758 | 11,758 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$521</u> | <u>\$4,924</u> | <u>\$7,208</u> | <u>\$2,284</u> |

See accompanying notes to the basic financial statements

Belpre City School District, Ohio

Statement of Fund Net Assets

Proprietary Fund

June 30, 2006

| | <u>Business-Type Activity - Food Service Enterprise Fund</u> |
|--|--|
| Assets | |
| Current Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$600 |
| Inventory Held for Resale | 2,518 |
| Materials and Supplies Inventory | 1,603 |
| Accounts Receivable | 86 |
| Intergovernmental Receivable | <u>20,794</u> |
| <i>Total Current Assets</i> | 25,601 |
| Noncurrent Assets: | |
| Depreciable Capital Assets, net | <u>91,799</u> |
| <i>Total Assets</i> | <u>117,400</u> |
| Liabilities | |
| Current Liabilities: | |
| Accrued Wages and Benefits Payable | 17,940 |
| Intergovernmental Payable | <u>9,202</u> |
| <i>Total Current Liabilities</i> | 27,142 |
| Long-term Liabilities: | |
| Sick Leave Benefits Payable | <u>6,118</u> |
| <i>Total Liabilities</i> | <u>33,260</u> |
| Net Assets | |
| Invested in Capital Assets | 91,799 |
| Unrestricted (Deficit) | <u>(7,659)</u> |
| Total Net Assets | <u><u>\$84,140</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, 2006*

| | <u>Business-Type Activity - Food Service Enterprise Fund</u> |
|-------------------------------------|--|
| Operating Revenues | |
| Sales | <u>\$127,369</u> |
| Operating Expenses | |
| Salaries | 91,576 |
| Fringe Benefits | 32,023 |
| Purchased Services | 6,479 |
| Materials and Supplies | 54,366 |
| Cost of Sales | 128,368 |
| Depreciation | <u>2,206</u> |
| <i>Total Operating Expenses</i> | <u>315,018</u> |
| <i>Operating Loss</i> | <u>(187,649)</u> |
| Non-Operating Revenues | |
| Federal Donated Commodities | 4,242 |
| Interest | 289 |
| Federal and State Subsidies | <u>166,000</u> |
| <i>Total Non-Operating Revenues</i> | <u>170,531</u> |
| <i>Loss before Transfers</i> | (17,118) |
| Transfers In | <u>20,000</u> |
| <i>Net Change in Net Assets</i> | 2,882 |
| <i>Net Assets Beginning of Year</i> | <u>81,258</u> |
| <i>Net Assets End of Year</i> | <u><u>\$84,140</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, 2006

| | <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 | \$127,538 |
| Cash Payments to Suppliers for Goods and Services | (182,203) |
| Cash Payments for Employee Services | (96,919) |
| Cash Payments for Employee Benefits | <u>(34,440)</u> |
| Net Cash Used for Operating Activities | <u>(186,024)</u> |
| Cash Flows from Noncapital Financing Activities | |
| Advances Out | (10,000) |
| Transfers In | 20,000 |
| Operating Grants Received | <u>145,206</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>155,206</u> |
| Cash Flows from Investing Activities | |
| Interest | <u>289</u> |
| <i>Net Decrease in Cash and Cash Equivalents</i> | (30,529) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | <u>31,129</u> |
| <i>Cash and Cash Equivalents End of Year</i> | <u><u>\$600</u></u> |
| Reconciliation of Operating Loss to Net | |
| Cash Used for Operating Activities | |
| Operating Loss | <u>(\$187,649)</u> |
| Depreciation | 2,206 |
| Donated Commodities Received During Year | 4,242 |
| Changes in Assets and Liabilities: | |
| Decrease in Inventory Held for Resale | 2,681 |
| Decrease in Materials and Supplies Inventory | 87 |
| Decrease in Accounts Receivable | 169 |
| Decrease in Accrued Wages and Benefits Payable | (4,055) |
| Decrease in Sick Leave Benefits Payable | (1,430) |
| Decrease in Intergovernmental Payable | <u>(2,275)</u> |
| Net Cash Used for Operating Activities | <u><u>(\$186,024)</u></u> |

Non-Cash Non-Capital Financing Transactions: During fiscal year 2006, the Food Service Enterprise Fund received \$4,242 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, 2006

| | Private Purpose Trust | |
|--|--------------------------|----------|
| | Hawk Scholarship | Agency |
| Assets | | |
| Equity in Pooled Cash and Cash Equivalents | \$856 | \$25,076 |
| Investments | 2,500 | |
| Accrued Interest Receivable | 148 | |
| Total Assets | \$3,504 | |
| Liabilities | | |
| Due to Students | \$0 | \$25,076 |
| Net Assets | | |
| Restricted for Endowments | 2,500 | |
| Held in Trust for Scholarships | 1,004 | |
| Total Net Assets | \$3,504 | |

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, 2006

| | Private Purpose Trust |
|-------------------------------------|--------------------------|
| | Hawk Scholarship |
| Additions | |
| Interest | \$75 |
| Deductions | |
| Scholarships | 0 |
| <i>Change in Net Assets</i> | 75 |
| <i>Net Assets Beginning of Year</i> | 3,429 |
| <i>Net Assets End of Year</i> | \$3,504 |

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, 2006

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 53 classified employees and 97 certified personnel, who provide services to 1,258 students and other community members.

Reporting Entity

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

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

The School District participates in four jointly governed organizations and one insurance purchasing pool. These organizations are the South Eastern Ohio Voluntary Education Cooperative, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, the South Eastern Ohio Special Education Regional Resource Center, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 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 activities 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, 2006

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 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, 2006

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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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, 2006, but which were levied to finance fiscal year 2007 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, 2006

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 2006, 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 2006 amounted to \$103,150, which includes \$11,918 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, 2006, 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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

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

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

I. Issuance Costs

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

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.

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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

L. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, 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

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

N. Fund Balance Reserves 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, 2006

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 \$355,688 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 charges for services for 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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

S. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and 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.

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 – Change in Accounting Principles

For the fiscal year ended June 30, 2006, the School District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" and GASB Statement No. 47, "Accounting for Termination Benefits."

GASB Statement No. 42 provides guidance on the accounting treatment and financial reporting requirements for impairments of capital assets and insurance recoveries. GASB Statement No. 47 establishes accounting standards for termination benefits. The implementation of these statements had no effect on the financial statements.

Note 4 – Fund Deficits

At June 30, 2006, the State Grants and Federal Grants Special Revenue Funds had fund deficits of \$6,078 and \$34,141, respectively. The deficits resulted from adjustments for accrued liabilities. The General Fund is liable for any deficits in these funds and will provide operating transfers when cash is required, not when accruals occur.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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 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:

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

The following 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 | (\$462,820) | (\$46,632) |
| Net Adjustment for Revenue Accruals | 69,006 | (44,112) |
| Prepaid Items: | | |
| Beginning of Fiscal Year | 711 | 0 |
| End of Fiscal Year | (1,107) | 0 |
| Net Adjustment for Expenditure Accruals | (80,957) | 90,905 |
| Advances In | 13,263 | 2,115 |
| Advances Out | (2,115) | (2,115) |
| Encumbrances | (134,652) | (7,855) |
| Budget Basis | (\$598,671) | (\$7,694) |

Note 6 - Deposits and Investments

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

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

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

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

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

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

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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, \$1,920,504 of the School District's bank balance of \$2,120,504 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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 2006 (other than public utility property tax) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value listed as of December 31, 2005. 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 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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, 2006, are available to finance fiscal year 2006 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, 2006 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, 2006, was \$81,076 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2005, was \$91,882. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2006 taxes were collected are:

| | 2005 Second- Half Collections | | 2006 First- Half Collections | |
|---|----------------------------------|----------------|---------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential And Other Real Estate | \$128,165,670 | 56.99% | \$128,032,700 | 66.66% |
| Public Utility Personal | 7,318,680 | 3.26% | 6,840,220 | 3.56% |
| Tangible Personal Property | 89,395,110 | 39.75% | 57,187,830 | 29.78% |
| Total | \$224,879,460 | 100.00% | \$192,060,750 | 100.00% |
| Tax Rate per \$1,000 of assessed valuation | \$35.12 | | \$35.12 | |

Note 8 - Receivables

Receivables at June 30, 2006, consisted of property taxes, accounts (rent, student fees, and tuition), interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$19,322 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:

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

| | <u>Amounts</u> |
|------------------------------------|-------------------------|
| Governmental Activities: | |
| Part B Idea | \$37,335 |
| Alternative Education Challenge | 2,334 |
| Title I | 61,726 |
| E-Rate | 10,964 |
| Title IIA | 8,546 |
| Title V | 1,200 |
| Safe and Drug Free Schools | 1,904 |
| Reading First | 45,636 |
| Refunds | <u>185</u> |
| Total Governmental Activities | 169,830 |
| Business-Type Activity: | |
| National School Lunch | <u>20,794</u> |
| Total | <u><u>\$190,624</u></u> |

Note 9 - Transfers

During fiscal year 2006, the General Fund transferred \$42,353 to the Permanent Improvement Capital Projects Fund and \$20,000 to the Lunchroom Enterprise Fund. The transfer to the Permanent Improvement Fund was made to help cover costs of improvements. The transfer to the Lunchroom Fund was made to help cover additional expenses of the program not covered by user fees and federal and state subsidies.

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 2006, 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 \$26,030,700 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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

B. Workers' Compensation

For fiscal year 2006, 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Note 11 - Employee Benefits

A. Compensated Absences

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

B. Insurance

The School District provides health and major medical insurance for all eligible employees by contracting with Anthem Blue Cross/Blue Shield Insurance Company. The School District pays monthly premiums of up to \$892.93 for family and \$322.78 for individual for Preferred Provider Organizations coverage. Premiums are paid from the same funds that pay the employees' salaries.

The School District provides life insurance and accidental death dismemberment to most employees through Met Insurance Company in the amount of \$25,000 for classified employees and \$25,000 for certified employees, \$60,000 for administrators, \$50,000 for the treasurer and \$100,000 for the superintendent.

Dental coverage is provided through Core Source, Inc. Premiums for this coverage are \$48.59 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.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 12 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

| | Balance 6/30/05 | Additions | Reductions | Balance 6/30/06 |
|---|---------------------------|-------------------------|--------------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$1,232,814 | \$0 | \$0 | \$1,232,814 |
| Construction in Progress | 13,205 | 21,745 | (34,950) | 0 |
| Total capital assets not being depreciated | <u>1,246,019</u> | <u>21,745</u> | <u>(34,950)</u> | <u>1,232,814</u> |
| Capital assets being depreciated | | | | |
| Buildings and Improvements | 5,642,428 | 166,566 | 0 | 5,808,994 |
| Furniture and Equipment | 1,658,550 | 112,660 | (42,053) | 1,729,157 |
| Vehicles | 846,569 | 0 | 0 | 846,569 |
| Total capital assets being depreciated | <u>8,147,547</u> | <u>279,226</u> | <u>(42,053)</u> | <u>8,384,720</u> |
| Accumulated depreciation | | | | |
| Buildings and Improvements | (2,290,500) | (117,625) | 0 | (2,408,125) |
| Furniture and Equipment | (823,356) | (81,452) | 30,907 | (873,901) |
| Vehicles | (215,471) | (30,940) | 0 | (246,411) |
| Total accumulated depreciation | <u>(3,329,327)</u> | <u>(230,017) *</u> | <u>30,907</u> | <u>(3,528,437)</u> |
| Capital assets being depreciated, net | <u>4,818,220</u> | <u>49,209</u> | <u>(11,146)</u> | <u>4,856,283</u> |
| Governmental Activities capital assets, net | <u><u>\$6,064,239</u></u> | <u><u>\$70,954</u></u> | <u><u>(\$46,096)</u></u> | <u><u>\$6,089,097</u></u> |
| Business-Type Activity: | | | | |
| Capital assets being depreciated | | | | |
| Furniture and Fixtures | \$140,992 | \$0 | \$0 | \$140,992 |
| Less Accumulated Depreciation | (46,987) | (2,206) | 0 | (49,193) |
| Business-Type Activity capital assets, net | <u><u>\$94,005</u></u> | <u><u>(\$2,206)</u></u> | <u><u>\$0</u></u> | <u><u>\$91,799</u></u> |

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Depreciation expense was charged to governmental functions as follows:

| | |
|---|-------------------------|
| Instruction: | |
| Regular | \$124,362 |
| Special Instruction | 6,888 |
| Vocational | 906 |
| Support Services: | |
| Pupils | 10,379 |
| Instructional Staff | 4,082 |
| Board of Education | 32 |
| Administration | 10,179 |
| Fiscal | 2,059 |
| Operation and Maintenance of Plant | 17,475 |
| Pupil Transportation | 32,553 |
| Central | 611 |
| Extracurricular Activities | 16,101 |
| Operation of Non-Instructional Services | 4,390 |
| Total Depreciation Expense | <u><u>\$230,017</u></u> |

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, by calling (800)878-5853 or by visiting the SERS website at ohsers.org.

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 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$133,984, \$158,079, and \$130,039, respectively; 34.89 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website 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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2006, 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 2005, the portion to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$645,847, \$591,206, and \$617,758, respectively; 81.34 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$3,774 made by the School District and \$15,496 made by the plan members.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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, 2006, four members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial 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 Ohio retirees who participated in the DB or Combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$49,681 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (latest information available), the balance in the Fund was \$3.3 billion. For the year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$69,059.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 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 6/30/05 | Additions | Reductions | Principal Outstanding 6/30/06 | Amounts Due in One Year |
|---------------------------------|-------------------------------------|-----------------|-----------------|-------------------------------------|-------------------------------|
| Governmental Activities: | | | | | |
| April 29, 2004, \$243,000 | | | | | |
| Energy Conservation Loan - 4.5% | \$208,000 | \$0 | \$35,000 | \$173,000 | \$35,000 |
| Sick Leave Benefits | 623,068 | 26,406 | 35,302 | 614,172 | 14,526 |
| Total Governmental Activities | <u>\$831,068</u> | <u>\$26,406</u> | <u>\$70,302</u> | <u>\$787,172</u> | <u>\$49,526</u> |
| Business-Type Activity: | | | | | |
| Sick Leave Benefits | <u>\$7,548</u> | <u>\$1,313</u> | <u>\$2,743</u> | <u>\$6,118</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, 2006, was \$12,013,747, with an unvoted debt margin of \$133,486. Principal and interest requirements to retire the energy conservation loans outstanding at June 30, 2006, are as follows:

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|-------------------------------|------------------|-----------------|------------------|
| 2007 | \$35,000 | \$6,418 | \$41,418 |
| 2008 | 35,000 | 5,120 | 40,120 |
| 2009 | 35,000 | 3,822 | 38,822 |
| 2010 | 34,000 | 2,522 | 36,522 |
| 2011 | 34,000 | 1,262 | 35,262 |
| Total | <u>\$173,000</u> | <u>\$19,144</u> | <u>\$192,144</u> |

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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 36 participants consisting of 32 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 2006, the School District paid \$32,241 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative at 221 North Columbus Road, Athens, Ohio 45701.

B. Washington County Career Center

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

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization 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 Council 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 Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$345 for fiscal year 2006.

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

SEOSERRC is a special education regional resource center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. SEOSERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, and representatives of county boards of MR/DD, Ohio University, and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2006, the School District paid \$4,663 to SEOSERRC. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

Note 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.

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, 2006.

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, 2006, this continues to be set aside.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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.

| | Budget Stabilization | Capital Improvements Reserve | Textbooks/ Instructional Materials Reserve |
|---|-------------------------|------------------------------------|---|
| Set-aside Reserve Balance as of June 30, 2005 | \$302,073 | (\$341,400) | \$149,142 |
| Current Year Set-aside Requirement | 0 | 181,142 | 181,142 |
| Designated by the Board | (276,911) | 0 | 0 |
| Qualifying Disbursements | (2,991) | (261,144) | (162,550) |
| Total | <u>\$22,171</u> | <u>(\$421,402)</u> | <u>\$167,734</u> |
| Set-aside Balance Carried Forward to Future Fiscal Years | <u>\$22,171</u> | <u>(\$341,400)</u> | <u>\$167,734</u> |

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside that may not be carried forward to future years.

Belpre City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

| FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title | Federal CFDA Number | Pass-through Entity Number | 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 | \$ 0 | \$ 4,242 | \$ 0 | \$ 4,242 |
| Nutrition Cluster: | | | | | | |
| School Breakfast Program | 10.553 | 05PU-2005 05PU-2006 | 5,109 <u>26,114</u> | | 5,109 <u>26,114</u> | |
| Total School Breakfast Program | | | <u>31,223</u> | <u>0</u> | <u>31,223</u> | <u>0</u> |
| National School Lunch Program | 10.555 | LLP4-2005 LLP4-2006 | 17,156 <u>89,341</u> | | 17,156 <u>89,341</u> | |
| Total National School Lunch Program | | | <u>106,497</u> | <u>0</u> | <u>106,497</u> | <u>0</u> |
| Total Nutrition Cluster | | | <u>137,720</u> | <u>0</u> | <u>137,720</u> | <u>0</u> |
| Total United States Department of Agriculture | | | 137,720 | 4,242 | 137,720 | 4,242 |
| UNITED STATES DEPARTMENT OF EDUCATION | | | | | | |
| <i>Passed through Ohio Department of Education:</i> | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | C1S1-2005 C1S1-2006 | 50,976 <u>308,322</u> | | 53,691 <u>302,238</u> | |
| Total Title I Grants to Local Educational Agencies | | | <u>359,298</u> | <u>0</u> | <u>355,929</u> | <u>0</u> |
| Special Education - Grants to States | 84.027 | 6BSF-2005 6BSF-2006 | 43,560 <u>214,691</u> | | 53,163 <u>211,326</u> | |
| Total Special Education - Grants to States | | | <u>258,251</u> | <u>0</u> | <u>264,489</u> | <u>0</u> |
| Safe and Drug-Free Schools and Communities - State Grants | 84.186 | DRS1-2005 DRS1-2006 | (271) <u>8,964</u> | | 8,964 <u>8,964</u> | |
| Total Safe and Drug-Free Schools and Communities - State Grants | | | <u>8,693</u> | <u>0</u> | <u>8,964</u> | <u>0</u> |
| State Grants for Innovative Programs | 84.298 | C2S1-2005 C2S1-2006 | (9) <u>2,861</u> | | 102 <u>2,861</u> | |
| Total State Grants for Innovative Programs | | | <u>2,852</u> | <u>0</u> | <u>2,963</u> | <u>0</u> |
| Education Technology State Grants | 84.318 | TJS1-2005 TJS1-2006 | (986) <u>7,591</u> | | 7,577 <u>7,577</u> | |
| Total Education Technology State Grants | | | <u>6,605</u> | <u>0</u> | <u>7,577</u> | <u>0</u> |
| Reading First State Grants | 84.357 | RSS1-2006 | 401,146 | | 397,246 | |
| Improving Teacher Quality State Grants | 84.367 | TRS1-2005 TRS1-2006 | 8,511 <u>66,005</u> | | 9,535 <u>64,304</u> | |
| Total Improving Teacher Quality State Grants | | | <u>74,516</u> | <u>0</u> | <u>73,839</u> | <u>0</u> |
| Total United States Department of Education | | | <u>1,111,361</u> | <u>0</u> | <u>1,111,007</u> | <u>0</u> |
| Total Federal Awards Receipts and Expenditures | | | <u>\$ 1,249,081</u> | <u>\$ 4,242</u> | <u>\$ 1,248,727</u> | <u>\$ 4,242</u> |

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

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 – FOOD DONATION

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

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

NOTE C – TRANSFERS

During fiscal year 2006, the Ohio Department of Education (ODE) authorized the School District to carryover monies from the prior fiscal year to the current fiscal year. Authorized carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. A detailed listing of the carryovers is as follows:

| CFDA Number | Program Title | Pass- Through Entity Number | Transfers Out | Transfers In |
|----------------|--|--------------------------------------|------------------|-----------------|
| 84.010 | Title I Grants to Local Educational Agencies | C1S1-2005 | \$ 4,560 | |
| 84.010 | Title I Grants to Local Educational Agencies | C1S1-2006 | | \$ 4,560 |
| 84.186 | Safe and Drug-Free Schools and Communities - State Grants | DRS1-2005 | 271 | |
| 84.186 | Safe and Drug-Free Schools and Communities - State Grants | DRS1-2006 | | 271 |
| 84.298 | State Grants for Innovative Programs | C2S1-2005 | 9 | |
| 84.298 | State Grants for Innovative Programs | C2S1-2006 | | 9 |
| 84.318 | Education Technology - State Grants | TJS1-2005 | 986 | |
| 84.318 | Education Technology - State Grants | TJS1-2006 | | 986 |
| 84.367 | Improving Teacher Quality State Grants | TRS1-2005 | 671 | |
| 84.367 | Improving Teacher Quality State Grants | TRS1-2006 | | 671 |
| Totals | | | <u>\$ 6,497</u> | <u>\$ 6,497</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, the business-type activities, each major fund, and the aggregate remaining fund information of Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting to determine our auditing procedures to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the School District's management dated January 9, 2007, we reported other matters involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the School District's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the School District's management dated January 9, 2007, we reported an other matter related to noncompliance we deemed immaterial.

Belpre City School District
Washington County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page2

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

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

Mary Taylor, CPA
Auditor of State

January 9, 2007



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 its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

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

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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 9, 2007

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other reportable conditions reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under §.510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | 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.



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 6, 2007**