



**Auditor of State  
Betty Montgomery**



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

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2003, 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 an opinion on these general purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the St. Clairsville-Richland City School District, Belmont County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2003, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation and disclosure of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Belmont County  
Independent Accountants' Report  
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We conducted our audit to form opinions 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 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 whole.

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

**Betty Montgomery**  
Auditor of State

December 12, 2003

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**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*

*Unaudited*

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The discussion and analysis of St. Clairsville-Richland City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. 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 transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2003 are as follows:

- In total, net assets decreased \$458,008. Net assets of governmental activities decreased \$359,361 which represents a 15 percent decrease from fiscal year 2002. Net assets of business-type activities declined \$98,647 or 82 percent from fiscal year 2002.
- General revenues accounted for \$10,873,503 in revenue or 87 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,586,479 or 13 percent of total revenues of \$12,459,982.
- Total assets of governmental activities decreased by \$8,037,164. Cash declined due primarily to the payment of the bond anticipation notes during fiscal year 2003. There was a slight increase in property tax receipts offset by an overall decrease in grants and entitlements.
- The School District had \$12,819,343 in expenses related to governmental activities; only \$1,586,479 of these expenses were offset by program specific charges for services, grants or contributions.
- The School District had three major funds, the general fund, the debt service fund, and the new facility capital projects fund. The general fund had \$10,138,937 in revenues and \$11,467,104 in expenditures and transfers-out. The general fund's fund balance decreased \$1,328,167. The debt service fund had revenues and other financing sources in the amount of \$901,606 and total expenditures in the amount of \$875,107 which resulted in a fund balance increase of \$26,499. The New Facility Fund had \$97,732 in revenues and total expenditures in the amount of \$5,851,066. The New Facility Fund's fund balance decreased \$5,753,334.
- Net assets for the food service enterprise fund declined. This decline resulted from operating expenses of \$429,939 exceeding operating revenues of \$184,174. Grants of \$147,118 reduced the loss.



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

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**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand St. Clairsville-Richland City School District as a financial whole, an entire operating entity.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of St. Clairsville-Richland City School District, the general fund, the bond retirement fund, and the new facility capital projects fund are the only major or significant funds.

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

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader 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 distinct 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 Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's food service program is reported as a business-type activity.

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

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the bond retirement fund, and the new facility capital projects fund.

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

**Proprietary Funds** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the School District as a whole.

**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 2003 compared to 2002:

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
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Table 1						
Net Assets						
	Government Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Assets</b>						
Current and Other Assets	\$10,972,838	\$25,206,713	(\$88,463)	(\$20,834)	\$10,884,375	\$25,185,879
Capital Assets	8,457,012	2,260,301	47,910	48,625	8,504,922	2,308,926
<b>Total Assets</b>	<b>19,429,850</b>	<b>27,467,014</b>	<b>(40,553)</b>	<b>27,791</b>	<b>19,389,297</b>	<b>27,494,805</b>
<b>Liabilities</b>						
Long-Term Liabilities	(8,832,851)	(9,412,898)	(11,484)	(10,968)	(8,844,335)	(9,423,866)
Other Liabilities	(8,259,288)	(15,357,044)	(68,441)	(38,654)	(8,327,729)	(15,395,698)
<b>Total Liabilities</b>	<b>(17,092,139)</b>	<b>(24,769,942)</b>	<b>(79,925)</b>	<b>(49,622)</b>	<b>(17,172,064)</b>	<b>(24,819,564)</b>
<b>Net Assets</b>						
Invested in Capital						
Assets Net of Debt	2,221,331	1,141,152	47,910	48,625	2,269,241	1,189,777
Restricted	3,198,813	1,819,555	0	0	3,198,813	1,819,555
Unrestricted (Deficit)	(3,082,433)	(263,635)	(168,388)	(70,456)	(3,250,821)	(334,091)
<b>Total Net Assets</b>	<b>\$2,337,711</b>	<b>\$2,697,072</b>	<b>(\$120,478)</b>	<b>(\$21,831)</b>	<b>\$2,217,233</b>	<b>\$2,675,241</b>

Total assets decreased \$8,105,508. Equity in pooled cash and cash equivalents decreased \$14,325,511 and restricted assets - equity in pooled cash and cash equivalents decreased \$8,882. Capital assets increased by \$6,195,996 due primarily to architect, engineering, and construction costs associated with the new facility construction project. Taxes receivable increased \$141,763; the total is offset by an increase in deferred revenue. The overall decrease in assets and equity in pooled cash and cash equivalents was primarily due to the repayment of bond anticipation notes outstanding at June 30, 2002 that were issued for the construction of the new building which results in an increase in capital assets.

Net assets of the School District's governmental activities decreased by \$359,361. Over the long-term, the School District needs to hold down expenses as revenues gradually increase with tax growth.

The net assets of the School District business-type activities decreased by \$98,647. Management is carefully analyzing the food service activity to insure that it remains self-supporting.

**St. Clairsville-Richland City School District**  
*Management's Discussion and Analysis*  
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Table 2 shows the changes in net assets for fiscal year 2003 compared to fiscal year 2002.

Table 2 Changes in Net Assets						
	Government Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Revenues</b>						
<i>Program Revenue</i>						
Charges for Services	\$279,707	\$393,426	\$180,993	\$213,532	\$460,700	\$606,958
Operating Grants	1,245,794	1,239,690	147,118	152,322	1,392,912	1,392,012
Capital Grants	60,978	24,487	0	0	60,978	24,487
<b>Total Program Revenue</b>	<b>1,586,479</b>	<b>1,657,603</b>	<b>328,111</b>	<b>365,854</b>	<b>1,914,590</b>	<b>2,023,457</b>
<i>General Revenue</i>						
Property Taxes	6,283,348	6,340,127	0	0	6,283,348	6,340,127
Grants and Entitlements	4,308,348	4,052,308	0	0	4,308,348	4,052,308
Investments	129,650	319,919	0	0	129,650	319,919
Other	152,157	60,319	3,181	0	155,338	60,319
<b>Total General Revenue</b>	<b>10,873,503</b>	<b>10,772,673</b>	<b>3,181</b>	<b>0</b>	<b>10,876,684</b>	<b>10,772,673</b>
<b>Total Revenues</b>	<b>12,459,982</b>	<b>12,430,276</b>	<b>331,292</b>	<b>365,854</b>	<b>12,791,274</b>	<b>12,796,130</b>
<b>Program Expenses</b>						
Instruction	6,887,152	6,411,155	0	0	6,887,152	6,411,155
Support Services:						
Pupil and Instructional Staff	1,334,708	1,052,160	0	0	1,334,708	1,052,160
Board of education, Administration, Fiscal and Business	1,625,422	1,318,994	0	0	1,625,422	1,318,994
Operation and Maintenance of Plant	1,052,715	908,912	0	0	1,052,715	908,912
Pupil Transportation	780,073	646,723	0	0	780,073	646,723
Central	172,062	150,045	0	0	172,062	150,045
Operation of Non-Instructional Services	199,111	197,166	0	0	199,111	197,166
Extracurricular	466,542	466,437	0	0	466,542	466,437
Interest and Fiscal Charges	301,558	338,751	0	0	301,558	338,751
Food Service	0	0	429,939	410,748	429,939	410,748
<b>Total Expenses</b>	<b>12,819,343</b>	<b>11,490,343</b>	<b>429,939</b>	<b>410,748</b>	<b>13,249,282</b>	<b>11,901,091</b>
Increase (Decrease) in Net Assets	(\$359,361)	\$939,933	(\$98,647)	(\$44,894)	(\$458,008)	\$895,039

**Governmental Activities**

During fiscal year 2003, construction was well under way for the new school facility project. Architect, engineering and construction costs in the amount of \$6,333,281 were paid as of fiscal year end. The School District has secured funding to replace this facility through a 2.94 mill bond levy, which will generate a total of approximately \$7,945,000 over twelve years. The School District is not currently eligible for any funding assistance through the Ohio School Facilities Commission due to the high level of property tax values within the District. Consequently, the voters of the District passed the levy which has enabled the District to begin construction of the much needed facilities.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by the levy will not increase solely as a

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result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 50 percent of revenues for governmental activities for St. Clairsville-Richland City Schools in fiscal year 2003.

Instruction comprises 53 percent of governmental program expenses. Interest expense was .02 percent. Interest expense was attributable to the outstanding energy conservation note, the bond anticipation notes and the bonds.

Operating and capital grants reflect slight increases. Operating grants increased due to an increase in state and federal grants. Capital grants increased due to the District receiving additional bus purchase allowance funding. Charges for service decreased due to a decline in tuition and extracurricular revenues. Property tax revenues declined primarily due to realizing the full impact of deregulation.

Overall, program expenses increased due to a rise in health care costs, utility costs due to a severe winter, fuel costs for buses, and expenses related to negotiations.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for fiscal year 2003 compared to fiscal year 2002. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2003	2002	2003	2002
Instruction	\$6,887,152	\$6,411,155	\$6,271,479	\$5,604,448
Support Services				
Pupil and Instructional Staff	1,334,708	1,052,160	1,027,491	795,494
Board of Education, Administration, Fiscal and Business	1,625,422	1,318,994	1,600,757	1,285,014
Operation and Maintenance of Plant	1,052,715	908,912	1,037,078	893,312
Pupil Transportation	780,073	646,723	708,728	599,191
Central	172,062	150,045	131,583	139,545
Operation of Non-Instructional Services	199,111	197,166	(29,857)	(38,665)
Extracurricular Activities	466,542	466,437	184,047	215,650
Interest and Fiscal Charges	301,558	338,751	301,558	338,751
Total Expenses	\$12,819,343	\$11,490,343	\$11,232,864	\$9,832,740

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Over 91 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities general revenue support is 87 percent.

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**Business-Type Activities**

The only business-type activity is the food service operation. This program had revenues of \$331,292 and expenses of \$429,939 for fiscal year 2003. Management has reviewed this program, and are exploring alternatives to alleviate future support from tax revenues.

The revenues and expenses for the program are compared for the past two years in Table 4.

Table 4  
Change in Net Assets for Business-Type Activity Programs

	2003	2002
<b>Food Service Operations:</b>		
<i>Program Revenues:</i>		
Sales	\$180,993	\$213,523
Operating Grants	147,118	0
Miscellaneous	3,181	152,322
<b>Total Program Revenue</b>	<b>331,292</b>	<b>365,845</b>
<i>Program Expenses</i>	429,939	410,748
Increase (Decrease) in Net Assets	(\$98,647)	(\$44,903)

**The School District's Funds**

Information about the School District's major funds starts on page 30. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$12,603,577 and expenditures and other financing uses of \$19,801,070. The net change in fund balance for the year in the General Fund was a decrease of \$1,328,167 due primarily to the repayment of the bond anticipation note. Property taxes decreased slightly due to a decrease in the revenue recognized for the amount available for an advance at June 30. Intergovernmental revenues increased due to an overall increase in foundation revenue from the State. The \$26,499 increase in fund balance in the debt service fund was due to the increases in property taxes revenues which were offset by debt service principal and interest payments. The New Facility Capital Projects Fund balance decreased by \$5,753,334 due primarily to expenditures being made during fiscal year 2003 for the construction project.

**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 2003 the School District amended its general fund budget numerous times, none significant. The School District uses a modified site-based budgeting technique which are designed to tightly control total site budgets but provide flexibility for site management.

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*Management's Discussion and Analysis*  
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*Unaudited*

For the general fund, budget basis revenue was \$10.4 million compared to original budget estimates of \$10.2 million. Of this \$0.2 million difference, most was due to conservative tax estimates, based on the County Auditor's certification.

The original appropriations were \$11.6 million while final appropriations were \$11.4 million. The School District's ending unobligated general fund balance was \$92,664 above the final budget.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2003 the School District had \$8,504,922 invested in land, construction in progress, buildings, furniture and equipment, of which \$8,457,012 was in governmental activities. Table 5 shows fiscal 2003 balances compared to 2002:

The overall change in governmental activities capital assets during fiscal year 2003 was \$6,196,711. Fixed assets of land, construction in progress, furniture and equipment, building and improvements, and vehicle additions of \$6,389,069 exceeded depreciation of \$191,013. Construction in progress accounted for \$5,879,250 of the overall increase due to construction beginning on the connector building and the school building improvement project. In addition, the School District purchased additional property in the amount of \$173,920 which will ultimately be used to expand the parking area.

Table 5  
 Capital Assets Net of Depreciation

	Government Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$444,105	\$270,185	\$0	\$0	\$444,105	\$270,185
Construction in Progress	6,333,281	454,031	0	0	6,333,281	454,031
Buildings and Improvements	221,689	231,308	0	0	221,689	231,308
Furniture and Equipment	972,002	857,878	47,910	48,625	1,019,912	906,503
Vehicles	485,935	446,899	0	0	485,935	446,899
<b>Totals</b>	<b>\$8,457,012</b>	<b>\$2,260,301</b>	<b>\$47,910</b>	<b>\$48,625</b>	<b>\$8,504,922</b>	<b>\$2,308,926</b>

For more information on capital assets see Note 9 to the basic financial statements.

**Debt**

At June 30, 2003 the School District had \$42,018 in energy conservation notes outstanding with the full amount being due within one year. In addition, the School District had \$7,897,752 outstanding in general obligation bonds with \$525,000 due within one year.

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Table 6 summarizes bonds and notes outstanding:

	Table 6	
	Outstanding Debt, at Year End	
	Government Activities 2003	Governmental Activities 2002
1994 Energy Conservation Notes	\$42,018	\$82,099
School Facilities Construction and Improvement General Obligation Bonds	7,444,111	7,944,111
New Building Construction Note	0	7,945,000
Total	\$7,486,129	\$15,971,210

The 1994 energy conservation note was issued for energy conservation measures district-wide. It is to be fully repaid by 2004, from the General Fund. The 2001 new building construction notes were issued in anticipation of the issuance of bonds. The proceeds will be used to fund the construction of a new connecting building between the high school and the middle school and renovations to both the high school and the middle school. The general obligation bonds were issued in April 2002 and the proceeds were used to retire the outstanding new building construction notes in July 2002. The levy proceeds will ultimately be used to retire the bonds. For more information on debt, see Notes 14 and 15 to the basic financial statements.

**Current Financial Issues**

As the preceding information shows, the School District heavily depends on its property taxpayers. Based on the current financial situation, the School District will be challenged to maintain financial stability, and will not be able to significantly expand services. The School District is currently reviewing programs, staffing levels, and health care costs in an effort to identify the aspects of these areas where costs can be reduced.

Based on the facility concerns, and the fact that the School District was not eligible for financial assistance through the Ohio School Facilities Commission, the only solution was to pass a bond issue to address the large amount of facilities needs, or to implement substantial cuts in programs and services currently provided to the School District's students. The Board of Education chose to take an aggressive approach with the voters of the District, coupled with a reduction in the original proposed millage, and were successful in passing a bond issue for construction of a connector building between the current High School and the Middle School.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

The St. Clairsville-Richland City School District does not anticipate any meaningful growth in State revenue. There is also concern that any remedy to the current funding situation may be



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

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2003*

#### *Unaudited*

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harmful to the School District based on the fact that the District is currently on the "guarantee" that has been declared unconstitutional.

Based on these factors, the Board of Education and administration of the School District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the School District.

St. Clairsville-Richland City School District has committed itself to the highest standards of financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting from 1998 through 2002.

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

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

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**St. Clairsville-Richland City School District**  
*Statement of Net Assets*  
June 30, 2003

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,684,404	\$0	\$3,684,404
Inventory Held for Resale	0	1,036	1,036
Materials and Supplies Inventory	47,146	436	47,582
Accounts Receivable	1,015	0	1,015
Intergovernmental Receivable	140,781	0	140,781
Internal Balances	89,935	(89,935)	0
Prepaid Items	31,101	0	31,101
Property Taxes Receivable	6,850,488	0	6,850,488
Deferred Charges	127,968	0	127,968
Depreciable Capital Assets, net	1,679,626	47,910	1,727,536
Non-Depreciable Capital Assets	6,777,386	0	6,777,386
<i>Total Assets</i>	<u>19,429,850</u>	<u>(40,553)</u>	<u>19,389,297</u>
<b>Liabilities</b>			
Accounts Payable	42,595	0	42,595
Contracts Payable	416,148	0	416,148
Accrued Wages	1,405,840	48,806	1,454,646
Matured Compensated Absences Payable	30,462	0	30,462
Intergovernmental Payable	236,329	19,635	255,964
Accrued Interest Payable	13,180	0	13,180
Claims Payable	36,787	0	36,787
Deferred Revenue	6,077,947	0	6,077,947
Long-Term Liabilities:			
Due Within One Year	652,120	2,927	655,047
Due in More Than One Year	8,180,731	8,557	8,189,288
<i>Total Liabilities</i>	<u>17,092,139</u>	<u>79,925</u>	<u>17,172,064</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	2,221,331	47,910	2,269,241
Restricted for Debt Service	538,975	0	538,975
Restricted for Capital Outlay	2,322,861	0	2,322,861
Restricted for Other Purposes	252,009	0	252,009
Restricted for Set Asides	84,968	0	84,968
Unrestricted (Deficit)	(3,082,433)	(168,388)	(3,250,821)
<i>Total Net Assets</i>	<u>\$2,337,711</u>	<u>(\$120,478)</u>	<u>2,217,233</u>

See Accompanying Notes to the Basic Financial Statements

**St. Clairsville-Richland City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2003

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental Activities</b>				
Instruction:				
Regular	\$5,355,449	\$0	\$174,435	\$0
Special	1,466,246	0	441,238	0
Vocational	65,457	0	0	0
Support Services:				
Pupils	718,251	0	70,716	0
Instructional Staff	616,457	0	236,501	0
Board of Education	10,997	0	0	0
Administration	1,181,194	0	16,765	0
Fiscal	429,944	0	7,159	0
Business	3,287	0	741	0
Operation and Maintenance of Plant	1,052,715	15,637	0	0
Pupil Transportation	780,073	26,303	28,792	16,250
Central	172,062	0	40,479	0
Operation of Non-Instructional Services	199,111	0	228,968	0
Extracurricular Activities	466,542	237,767	0	44,728
Interest and Fiscal Charges	301,558	0	0	0
<i>Total Governmental Activities</i>	12,819,343	279,707	1,245,794	60,978
<b>Business-Type Activity</b>				
Food Service	429,939	180,993	147,118	0
<i>Totals</i>	<u>\$13,249,282</u>	<u>\$460,700</u>	<u>\$1,392,912</u>	<u>\$60,978</u>

**General Revenues**

Property Taxes Levied for General Purposes  
Property Taxes Levied for New Facility  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous

*Total General Revenues*

*Change in Net Assets*

*Net Assets Beginning of Year*

*Net Assets End of Year*

See Accompanying Notes to the Basic Financial Statements

**Net(Expense)Revenue and Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
(\$5,181,014)	\$0	(\$5,181,014)
(1,025,008)	0	(1,025,008)
(65,457)	0	(65,457)
(647,535)	0	(647,535)
(379,956)	0	(379,956)
(10,997)	0	(10,997)
(1,164,429)	0	(1,164,429)
(422,785)	0	(422,785)
(2,546)	0	(2,546)
(1,037,078)	0	(1,037,078)
(708,728)	0	(708,728)
(131,583)	0	(131,583)
29,857	0	29,857
(184,047)	0	(184,047)
(301,558)	0	(301,558)
(11,232,864)	0	(11,232,864)
0	(101,828)	(101,828)
<u>(\$11,232,864)</u>	<u>(\$101,828)</u>	<u>(\$11,334,692)</u>
5,556,002	0	5,556,002
727,346	0	727,346
4,308,348	0	4,308,348
129,650	0	129,650
152,157	3,181	155,338
<u>10,873,503</u>	<u>3,181</u>	<u>10,876,684</u>
(359,361)	(98,647)	(458,008)
<u>2,697,072</u>	<u>(21,831)</u>	<u>2,675,241</u>
<u>\$2,337,711</u>	<u>(\$120,478)</u>	<u>\$2,217,233</u>

**St. Clairsville-Richland City School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2003*

	<u>General</u>	<u>Bond Retirement</u>	<u>New Facility Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$258,540	\$450,982	\$2,421,616	\$462,102	\$3,593,240
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	91,164	0	0	0	91,164
Property Taxes Receivable	6,062,547	787,941	0	0	6,850,488
Accounts Receivable	261	0	0	754	1,015
Intergovernmental Receivable	7,567	0	0	133,214	140,781
Interfund Receivable	337,240	0	0	0	337,240
Prepaid Items	31,101	0	0	0	31,101
Materials and Supplies Inventory	47,146	0	0	0	47,146
<i>Total Assets</i>	<u>\$6,835,566</u>	<u>\$1,238,923</u>	<u>\$2,421,616</u>	<u>\$596,070</u>	<u>\$11,092,175</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	37,945	0	0	4,650	42,595
Accrued Wages	1,322,501	0	0	83,339	1,405,840
Contracts Payable	0	0	416,148	0	416,148
Matured Compensated Absences Payable	17,161	0	0	13,301	30,462
Interfund Payable	0	0	0	831	831
Intergovernmental Payable	180,469	0	0	11,755	192,224
Deferred Revenue	5,866,936	759,189	0	4,428	6,630,553
<i>Total Liabilities</i>	<u>7,425,012</u>	<u>759,189</u>	<u>416,148</u>	<u>118,304</u>	<u>8,718,653</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	202,667	0	1,347,227	198,328	1,748,222
Reserved for Inventory	47,146	0	0	0	47,146
Reserved for Property Taxes	195,611	28,752	0	0	224,363
Reserved for Budget Stabilization	84,968	0	0	0	84,968
Reserved for Bus Purchases	6,196	0	0	0	6,196
Unreserved, Undesignated, Reported in:					
General Fund (Deficit)	(1,126,034)	0	0	0	(1,126,034)
Special Revenue Funds	0	0	0	123,536	123,536
Debt Service Funds	0	450,982	0	0	450,982
Capital Projects Funds	0	0	658,241	155,902	814,143
<i>Total Fund Balances</i>	<u>(589,446)</u>	<u>479,734</u>	<u>2,005,468</u>	<u>477,766</u>	<u>2,373,522</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,835,566</u>	<u>\$1,238,923</u>	<u>\$2,421,616</u>	<u>\$596,070</u>	<u>\$11,092,175</u>

See Accompanying Notes to the Basic Financial Statements

**St. Clairsville-Richland City School District**  
*Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2003*

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<b>Total Governmental Fund Balances</b>	<b>\$2,373,522</b>
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**Amounts reported for governmental activities in the statement of net assets are different because**

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	8,457,012
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Grants	4,428	
Property Taxes	548,178	
Total		552,606

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(283,261)
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Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bond	(7,444,111)	
Bond Premium	(410,030)	
Accretion on Bonds	(69,170)	
Discount on Bonds	25,559	
Compensated Absences	(893,081)	
Energy Conservation Notes	(42,018)	
Intergovernmental Payables	(44,105)	
Accrued Interest Payable	(13,180)	
Total		(8,890,136)

Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on a full accrual basis.

Deferred Bond Issuance Costs	127,968

<b>Net Assets of Governmental Activities</b>	<b>\$2,337,711</b>
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See Accompanying Notes to the Basic Financial Statements

**St. Clairsville-Richland City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2003*

	<u>General</u>	<u>Bond Retirement</u>	<u>New Facility Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property and Other Local Taxes	\$5,386,557	\$724,981	\$0	\$0	\$6,111,538
Intergovernmental	4,470,548	87,783	0	1,237,971	5,796,302
Interest	30,646	1,272	97,732	347	129,997
Tuition and Fees	126,341	0	0	0	126,341
Rent	15,637	0	0	1,300	16,937
Extracurricular Activities	0	0	0	182,457	182,457
Gifts and Donations	0	0	0	3,760	3,760
Miscellaneous	109,208	0	0	37,889	147,097
<i>Total Revenues</i>	<u>10,138,937</u>	<u>814,036</u>	<u>97,732</u>	<u>1,463,724</u>	<u>12,514,429</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	5,522,941	0	0	214,603	5,737,544
Special	972,460	0	0	431,260	1,403,720
Vocational	64,598	0	0	0	64,598
Other	44,189	0	0	0	44,189
Support Services:					
Pupils	600,034	0	0	77,637	677,671
Instructional Staff	437,472	0	0	163,025	600,497
Board of Education	10,997	0	0	0	10,997
Administration	1,126,354	0	0	44,439	1,170,793
Fiscal	386,388	16,236	0	7,579	410,203
Business	2,535	0	0	752	3,287
Operation and Maintenance of Plant	1,019,988	0	0	26,305	1,046,293
Pupil Transportation	782,987	0	0	499	783,486
Central	133,724	0	0	14,836	148,560
Operation of Non-Instructional Services	0	0	0	235,791	235,791
Extracurricular Activities	249,639	0	0	217,147	466,786
Capital Outlay	23,650	0	5,851,066	173,920	6,048,636
Debt Service:					
Principal	0	540,081	0	0	540,081
Interest	0	318,790	0	0	318,790
<i>Total Expenditures</i>	<u>11,377,956</u>	<u>875,107</u>	<u>5,851,066</u>	<u>1,607,793</u>	<u>19,711,922</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,239,019)</u>	<u>(61,071)</u>	<u>(5,753,334)</u>	<u>(144,069)</u>	<u>(7,197,493)</u>
<b>Other Financing Sources</b>					
Transfers In	0	87,570	0	1,578	89,148
Transfers Out	(89,148)	0	0	0	(89,148)
<i>Total Other Financing Sources</i>	<u>(89,148)</u>	<u>87,570</u>	<u>0</u>	<u>1,578</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,328,167)</u>	<u>26,499</u>	<u>(5,753,334)</u>	<u>(142,491)</u>	<u>(7,197,493)</u>
<i>Fund Balance at Beginning of Year</i>	<u>738,721</u>	<u>453,235</u>	<u>7,758,802</u>	<u>620,257</u>	<u>9,571,015</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$589,446)</u>	<u>\$479,734</u>	<u>\$2,005,468</u>	<u>\$477,766</u>	<u>\$2,373,522</u>

See Accompanying Notes to the Basic Financial Statements



**St. Clairsville-Richland City School District**  
*Reconciliation of the Changes in Fund Balances  
of Governmental Funds to the Statement of Activities*  
June 30, 2003

**Net Change in Fund Balances - Total Governmental Funds** (\$7,197,493)

**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. In the current period, these amounts are:

Capital Outlay	6,389,069	
Depreciation	(191,013)	
Excess of Capital Outlay over Depreciation Expense		6,198,056

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale.

In the statement of activities, a gain or loss is reported on the disposal. This is the amount of the loss on the disposal of fixed assets. (1,345)

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

Grants	(226,257)	
Property Taxes	171,810	
Total		(54,447)

Repayment of general obligation bonds and energy loans is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bonds	500,000	
Energy Conservation Loan	40,081	
Total		540,081

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. 22,039

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payables, which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Intergovernmental Payable	28,500	
Compensated Absences	31,063	
Total		59,563

Accretion on capital appreciation bonds is an expenditure in the governmental funds but is allocated as an expense over the life of the bonds on a full accrual basis.

Accretion on Capital Appreciation Bonds (32,279)

Bond discounts are reported as an expenditure in the governmental funds but are allocated as an expense over the life of the bonds on a full accrual basis.

Amortization of Discount (2,739)

Bond issuance costs and are reported as an expenditure in the governmental funds but are allocated as an expense over the life of the bonds on a full accrual basis.

Current Year Expense (13,710)

Bond premiums are reported as other financing sources in governmental funds while they are reported as liabilities in the statement of net assets.

Amortization of Premium 43,921

The internal service fund used by management to charge the costs of insurance to individual funds is included in the statement of activities and not on the governmental fund statements. The net revenue (expense) internal service fund revenues are eliminated.

78,992

**Changes in Net Assets of Governmental Activities** (\$359,361)

See Accompanying Notes to the Basic Financial Statements

**St. Clairsville-Richland City School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Property and Other Local Taxes	\$5,574,961	\$5,555,555	\$5,626,043	\$70,488
Intergovernmental	4,304,267	4,474,663	4,475,628	965
Interest	53,643	32,850	33,932	1,082
Tuition and Fees	139,946	126,226	126,341	115
Rent	14,375	15,637	15,637	0
Miscellaneous	72,257	108,231	109,447	1,216
<i>Total Revenues</i>	<u>10,159,449</u>	<u>10,313,162</u>	<u>10,387,028</u>	<u>73,866</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,305,437	5,348,785	5,336,545	12,240
Special	895,636	929,923	928,387	1,536
Vocational	63,555	63,349	62,616	733
Other	80,504	54,537	53,630	907
Support Services:				
Pupils	624,479	588,580	587,317	1,263
Instructional Staff	437,386	411,773	410,980	793
Board of Education	16,708	10,384	10,384	0
Administration	1,105,806	1,150,886	1,150,708	178
Fiscal	414,162	388,286	388,286	0
Business	2,729	4,525	2,735	1,790
Operation and Maintenance of Plant	1,054,633	1,101,152	1,101,002	150
Pupil Transportation	852,103	770,503	769,890	613
Central	134,652	137,073	136,952	121
Extracurricular Activities	249,235	247,618	247,618	0
Capital Outlay	25,920	23,650	23,650	0
<i>Total Expenditures</i>	<u>11,262,945</u>	<u>11,231,024</u>	<u>11,210,700</u>	<u>20,324</u>
Excess of Revenues Under Expenditures	<u>(1,103,496)</u>	<u>(917,862)</u>	<u>(823,672)</u>	<u>94,190</u>
Other Financing Sources (Uses)				
Advances In	346,850	346,850	345,324	(1,526)
Transfers Out	0	(89,148)	(89,148)	0
Advances Out	<u>(300,000)</u>	<u>(90,766)</u>	<u>(90,766)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>46,850</u>	<u>166,936</u>	<u>165,410</u>	<u>(1,526)</u>
<i>Net Change in Fund Balance</i>	<u>(1,056,646)</u>	<u>(750,926)</u>	<u>(658,262)</u>	<u>92,664</u>
<i>Fund Balance at Beginning of Year</i>	612,134	612,134	612,134	0
Prior Year Encumbrances Appropriated	<u>397,595</u>	<u>397,595</u>	<u>397,595</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>(\$46,917)</u></u>	<u><u>\$258,803</u></u>	<u><u>\$351,467</u></u>	<u><u>\$92,664</u></u>

See Accompanying Notes to the Basic Financial Statements

**St. Clairsville-Richland City School District**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*June 30, 2003*

	<b>Business-Type Activity- Enterprise Fund</b>	<b>Governmental Activity - Internal Service Fund</b>
<b>Assets</b>		
Current Assets:		
Inventory Held for Resale	\$1,036	\$0
Materials and Supplies Inventory	436	0
<i>Total Current Assets</i>	1,472	0
Depreciable Capital Assets, net	47,910	0
<i>Total Assets</i>	49,382	0
<b>Liabilities</b>		
Current Liabilities:		
Accrued Wages	48,806	0
Interfund Payable	89,935	246,474
Intergovernmental Payable	19,635	0
Claims Payable	0	36,787
<i>Total Current Liabilities</i>	158,376	283,261
Long-Term Liabilities:		
Compensated Absences Payable	11,484	0
<i>Total Long-Term Liabilities</i>	11,484	0
<i>Total Liabilities</i>	169,860	283,261
<b>Net Assets</b>		
Invested in Capital Assets	47,910	0
Unrestricted (Deficit)	(168,388)	(283,261)
<i>Total Net Assets</i>	<u>(\$120,478)</u>	<u>(\$283,261)</u>

See Accompanying Notes to the Basic Financial Statements

**St. Clairsville-Richland City School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2003*

	<b>Business-Type Activity-Food Service Fund</b>	<b>Governmental Activity - Internal Service Fund</b>
<b>Operating Revenues</b>		
Sales	\$180,993	\$0
Charges for Services	0	967,388
Miscellaneous	3,181	30,976
<i>Total Operating Revenues</i>	<u>184,174</u>	<u>998,364</u>
<b>Operating Expenses</b>		
Salaries	156,708	0
Fringe Benefits	99,257	0
Purchased Services	2,882	56,060
Materials and Supplies	13,480	1,033
Cost of Sales	150,716	0
Depreciation	6,896	0
Claims	0	862,279
<i>Total Operating Expenses</i>	<u>429,939</u>	<u>919,372</u>
<i>Operating Income (Loss)</i>	<u>(245,765)</u>	<u>78,992</u>
<b>Non-Operating Revenues</b>		
Federal Donated Commodities	15,146	0
Federal and State Subsidies	131,972	0
<i>Change in Net Assets</i>	(98,647)	78,992
<i>Net Assets (Deficit) at Beginning of Year</i>	<u>(21,831)</u>	<u>(362,253)</u>
<i>Net Assets (Deficit) at End of Year</i>	<u><u>(\$120,478)</u></u>	<u><u>(\$283,261)</u></u>

See Accompanying Notes to the Basic Financial Statements

**St. Clairsville-Richland City School District**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2003

	<b>Business-Type Activity-Food Service Fund</b>	<b>Governmental Activity - Internal Service Fund</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$180,993	\$0
Cash Received from Interfund Services Provided	0	967,388
Other Cash Receipts	3,181	30,976
Cash Payments to Employees for Services	(123,386)	0
Cash Payments for Employee Benefits	(101,918)	0
Cash Payments for Goods and Services	(150,159)	(57,093)
Cash Payments for Claims	0	(901,021)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(191,289)</u>	<u>40,250</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Operating Grants Received	131,972	0
Short-Term Interfund Loan	89,935	246,474
Repayment of Short-Term Loan	(33,219)	(295,606)
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<u>188,688</u>	<u>(49,132)</u>
<b>Cash Flows from Capital Financing Activities</b>		
Payments for Capital Acquisitions	(6,181)	0
<i>Net Cash Used in Capital Financing Activities</i>	<u>(6,181)</u>	<u>0</u>
<i>Net (Decrease) in Cash and Cash Equivalents</i>	(8,782)	(8,882)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>8,782</u>	<u>8,882</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

(continued)

**St. Clairsville-Richland City School District**  
*Statement of Cash Flows*  
*Proprietary Funds (Continued)*  
*For the Fiscal Year Ended June 30, 2003*

	<u>Business-Type Activity-Food Service Fund</u>	<u>Governmental Activity - Internal Service Fund</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Income (Loss)	(\$245,765)	\$78,992
Adjustments:		
Depreciation	6,896	0
Donated Commodities Received During Year	15,146	0
(Increase) Decrease in Assets:		
Inventory Held for Resale	1,794	0
Materials and Supplies Inventory	337	0
Increase (Decrease) in Liabilities:		
Accounts Payable	(843)	0
Accrued Wages and Benefits Payable	21,838	0
Compensated Absences Payable	516	0
Intergovernmental Payable	8,792	0
Claims Payable	0	(38,742)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(\$191,289)</u>	<u>\$40,250</u>

Non-Cash Transactions: Federal Donated Commodities in the amount of \$15,146 were received during the year and recorded as revenue in the enterprise fund.

See Accompanying Notes to the Basic Financial Statements

**St. Clairsville-Richland City School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2003*

	<b>Private Purpose Trust - Kara Fador Scholarship</b>	<b>Agency</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$10,550	\$102,145
<b>Liabilities</b>		
Undistributed Monies	0	65,774
Due to Students	0	36,371
<i>Total Liabilities</i>	0	102,145
<b>Net Assets</b>		
Held in Trust for Scholarships	10,550	
<i>Total Net Assets</i>	\$10,550	

See Accompanying Notes to the Basic Financial Statements

**St. Clairsville-Richland City School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2003*

	<b>Private Purpose Trust - Kara Fador Scholarship</b>
<b>Additions</b>	
Interest	\$151
<b>Deductions</b>	
Scholarships Awarded	(500)
<i>Change in Net Assets</i>	(349)
<i>Net Assets Beginning of Year</i>	10,899
<i>Net Assets End of Year</i>	<b>\$10,550</b>

See Accompanying Notes to the Basic Financial Statements



**St. Clairsville-Richland City School District**  
**St. Clairsville, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2003**

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

The first school house was erected in St. Clairsville in 1802. Various buildings were used throughout St. Clairsville until 1868 when a red brick school house was built on the northeast corner of North Market and East Main Street at a cost of \$36,000. It was a 74' x 77' three-story building with a cupola on the top and a sandstone wall around it. It was used until 1916 when it was replaced by the 5/6 building which was located at 106 Woodrow Avenue. In 1871 St. Clairsville High School held its first graduation. Currently, the School District has a high school building, middle school building, elementary building, high school gym, frame building, an administration building, and a transportation building.

The St. Clairsville-Richland City School District is a body politic and corporate established for the purpose of exercising rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by state and federal agencies. The Board controls the School District's seven instructional/support facilities staffed by 74 noncertificated, and 121 certificated teaching personnel, and 5 certificated administrators who provide services to 1,572 students and other community members.

**Reporting Entity**

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

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

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

**St. Clairsville-Richland City School District**  
**St. Clairsville, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2003**

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The School District participates in the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA), the East Central Ohio Special Education Regional Resource Center (ECOSERRC) and the Belmont-Harrison Career Center, jointly governed organizations, the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Ohio School Plan, insurance purchasing pools, and the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool. The School District is associated with the St. Clairsville Public Library which is defined as a related organization. These organizations are presented in Notes 17, 18, and 19 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 proprietary funds provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business type activities and enterprise funds. The more significant of the School District's accounting policies are described below.

**A. Basis of Presentation**

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

**St. Clairsville-Richland City School District**  
**St. Clairsville, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2003**

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

## **B. Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: 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 following are the School District's major governmental funds:

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

**Bond Retirement Fund** The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**New Facility Capital Projects Fund** The new facilities capital projects fund receives interest and is utilizing note proceeds which will be used for the construction of a new connecting building between the high school and middle school and for renovations to existing buildings.

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

**Proprietary Fund Types** 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.

**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 only enterprise fund of the School District accounts for the financial transactions related to the food service operation.

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, surgical, prescription drug, and dental claims.

**St. Clairsville-Richland City School District**  
**St. Clairsville, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2003**

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

### **C. Measurement Focus**

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds 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 activities.

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

### **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 the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

**St. Clairsville-Richland City School District**  
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enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

#### **E. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the proprietary fund, 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".

The School District has cash with a fiscal agent held separate from the School District's central bank account. This account is maintained by the District's self-insurance third party administrator and is presented in the statement of fund net assets as "cash and cash equivalents with fiscal agents" since it is not required to be deposited into the School District treasury.

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**For the Fiscal Year Ended June 30, 2003**

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During fiscal year 2003, the School District's investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2003.

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 2003 amounted to \$33,932 which includes \$15,193 assigned from other School District funds.

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

**F. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. Restricted assets in the general fund include unexpended revenues restricted for the purchase of buses and amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of the food service enterprise fund are reported at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**I. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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 in the fund financial statements. Capital assets utilized by the

**St. Clairsville-Richland City School District**  
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proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Buildings and Improvements	30 years
Furniture and Equipment	5-20 years
Vehicles	5-10 years

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net assets except for any net residual amounts due between governmental activities and business-type activities, which are presented as internal balances.

**K. Compensated Absences**

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

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

**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 proprietary funds are reported on the proprietary fund financial statements.

**St. Clairsville-Richland City School District**  
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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 contractually required pension contributions 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 notes and loans are recognized as a liability on the governmental fund financial statements when due or when resources are available.

**M. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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**

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, inventories of supplies and materials, property taxes, bus purchases, and budget stabilization.

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 unspent workers compensation money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

**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 the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include activities for music and athletic programs and federal and state grants restricted to expenditures 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.



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**P. Operating Revenues and Expenses**

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

**Q. Contributions of Capital**

Contributions of capital in proprietary financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

**R. 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.

**S. 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.

**T. Budgetary Data**

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

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

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

**NOTE 3 – FUND DEFICITS**

Fund balances at June 30, 2003 included the following individual fund deficits:

<b>General Fund</b>	\$589,446
<b>Enterprise Fund:</b>	
Food Service Fund	\$120,478
<b>Internal Service Fund</b>	
Self-Insurance	\$283,261

The deficit in the General Fund was created by the application of generally accepted accounting principles. The School District is currently monitoring its financial condition and is taking steps to increase revenues and reduce spending. The deficit in the food service enterprise fund is the result of accumulated losses. The School District is analyzing the food service enterprise fund to determine the appropriate steps to alleviate the deficit. The deficit in the internal service fund is due primarily to the School District having extremely high claim activity and the recognition of the claims liability within the fund. The School District is currently working with the plan actuary to determine the best course of action to reduce the fund deficit.

**NOTE 4 - 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 Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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).

**St. Clairsville-Richland City School District**  
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4. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

GAAP Basis	(\$1,328,167)
Net Adjustment for Revenue Accruals	251,377
Advance In	345,324
Unrecorded Cash - Prior Year	(3,286)
Net Adjustment for Expenditure Accruals	411,967
Advances Out	(90,766)
Adjustment for Encumbrances	<u>(244,711)</u>
Budget Basis	<u><u>(\$658,262)</u></u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by

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surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bill, Bonds, 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$197,934 and the bank balance was \$1,160,107. Of the bank balance:

1. \$325,790 was covered by federal depository insurance; and
2. \$804,403 was collateralized by securities held by the pledging financial institutions' trust department in the School District's name and \$29,914 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments** The School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District invested in STAR Ohio during fiscal year 2003, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Fair Value
STAROhio	<u>\$3,599,165</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$3,797,099	\$0
Investment which is part of the Cash Management Pool:		
STAROhio	(3,599,165)	3,599,165
GASB Statement 3	\$197,934	\$3,599,165

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003

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represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, 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 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 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 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 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, 2003 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, 2003 was \$195,611 in the general fund and \$28,752 in the debt service fund. The amount available as an advance at June 30, 2002, was \$435,097 in the general fund and \$ 59,207 in the debt service fund.

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

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The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second - Half Collections		2003 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$245,354,050	83.53%	\$248,700,300	84.65%
Public Utility Personal	13,806,020	6.97%	11,366,290	4.76%
Tangible Personal Property	30,686,350	9.50%	28,715,410	10.59%
<b>Total</b>	<b>\$289,846,420</b>	<b>100.00%</b>	<b>\$288,782,000</b>	<b>100.00%</b>
 Tax rate per \$1,000 of assessed valuation	 \$35.19		 \$35.19	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2003, consisted of taxes, accounts (rent, student fees and tuition), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
CAFS	\$7,567
Title VI	1,745
Title II-A	12,608
Eisenhower	831
Title VI-B	50,768
Title I	61,115
Title II-D	6,147
<b>Total</b>	<b>\$140,781</b>

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**NOTE 8 - INTERFUND BALANCES/INTERFUND TRANSFERS**

**A. Interfund Balances**

The fund financial statements at June 30, 2003 consist of the following interfund receivables payables:

	Receivable	Payable
<b>Governmental Activities</b>		
General	\$337,240	\$0
Special Revenue Fund:		
Eisenhower Grant	0	831
Total Special Revenue Fund	0	831
Enterprise Fund:		
Food Service	0	89,935
Internal Service Fund:		
Self Insurance	0	246,474
Totals	\$337,240	\$337,240

The loan to the Eisenhower Special Revenue Fund was made to support the program of the fund until state and federal grant monies are received. The loan to the Food Service Enterprise Fund was made to support the cafeteria program and is reflected as an internal balance. The loan to the Self-Insurance Internal Service Fund was made to support the self insurance program.

**B. Interfund Transfers**

During fiscal year 2003, the General Fund transferred \$87,570 to the Debt Service Fund for the debt service principal and interest amounts for the energy conservation loan and to correct a prior period error. The General Fund also transferred \$1,578 to the Athletic and Music Special Revenue Fund to support the program.



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**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	<u>Balance June 30, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
<b><u>Government Activities:</u></b>				
Non Depreciable Assets:				
Land	\$270,185	\$173,920	\$0	\$444,105
Construction in Progress	454,031	5,879,250	0	6,333,281
Total Non Depreciable Assets	<u>724,216</u>	<u>6,053,170</u>	<u>0</u>	<u>6,777,386</u>
Depreciable Assets				
Buildings and Improvements	3,964,267	0	0	3,964,267
Furniture, Fixtures, and Equipment	2,325,234	231,213	(2,358)	2,554,089
Vehicles	1,007,354	104,686		1,112,040
Total Depreciable Capital Assets	<u>7,296,855</u>	<u>335,899</u>	<u>(2,358)</u>	<u>7,630,396</u>
Total Capital Assets at Historical Cost	<u>8,021,071</u>	<u>6,389,069</u>	<u>(2,358)</u>	<u>14,407,782</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,732,959)	(9,619)	0	(3,742,578)
Furniture, Fixtures, and Equipment	(1,467,356)	(115,744)	1,013	(1,582,087)
Vehicles	(560,455)	(65,650)	0	(626,105)
Total	<u>(5,760,770)</u>	<u>(191,013)</u>	<u>1,013</u>	<u>(5,950,770)</u>
Depreciable Capital Assets, Net	<u>1,536,085</u>	<u>144,886</u>	<u>(1,345)</u>	<u>1,679,626</u>
Governmental Activities Capital Assets, Net	<u>\$2,260,301</u>	<u>\$6,198,056</u>	<u>(\$1,345)</u>	<u>\$8,457,012</u>
<b><u>Business Type Activity:</u></b>				
Furniture, Fixtures, and Equipment	140,733	6,181	0	146,914
Accumulated Depreciation	(92,108)	(6,896)	0	(99,004)
Business-Type Activitiy Capital Assets, Net	<u>\$48,625</u>	<u>(\$715)</u>	<u>\$0</u>	<u>\$47,910</u>

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\* Depreciation Expense was charged to governmental functions as follows:

Instruction:	
Regular	\$38,622
Special	6,121
Vocational	59
Support Services:	
Pupils	2,014
Instructional Staff	1,366
Administration	8,112
Fiscal	1,453
Maintenance	24,191
Transportation	58,331
Central	22,661
Operation of Non-Instructional Services	25,023
Extracurricular	3,060
Total	\$191,013

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2003, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based upon the types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 18). The St. Clairsville-Richland City School District contracted with the Ohio School Plan for professional liability insurance. The policy has a liability per occurrence limit ranging from \$10,000 to \$1,000,000 and a \$3,000,000 aggregate annual limit.

The School District contracted with the Ohio School Plan for boiler and machinery coverage with a \$2,000,000 single occurrence limit and a \$500 deductible. Property insurance is also contracted through the Ohio School Plan with a total maximum coverage of \$31,598,956.

Vehicles are covered by the Ohio School Plan and hold a \$1,000 deductible for comprehensive and a \$500 deductible for 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 twenty years. There have been no significant reductions in insurance coverage from the last fiscal year.

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For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (G.R.P.), an insurance purchasing pool (Note 18). The intent of the G.R.P. 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 G.R.P. 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 G.R.P. Each participant pays its workers' compensation premium to the State based on the rate for the G.R.P. 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 G.R.P. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insure that each participant shares equally in the overall performance of the G.R.P. Participation in the G.R.P. is limited to school districts that can meet the G.R.P.'s selection criteria. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the G.R.P.

Medical/surgical insurance, prescription, vision and dental insurance is offered to employees through a self-insurance internal service fund. The School District is a member of the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool, consisting of fifty members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

The claims liability of \$36,787 reported at June 30, 2003 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the funds' claims liability in fiscal years 2002 and 2003 were:

Fiscal Year	Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2002	\$63,676	\$982,143	\$970,290	\$75,529
2003	\$75,529	\$862,279	\$901,021	\$36,787

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

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**B. Other Insurance**

In addition to the self-insurance plan offered to employees for medical/surgical coverage, the School District also participates in a Health Maintenance Organization, The Health Plan. The Health Plan is offered to employees at a premium rate of \$633 for a family plan and \$253 for a single plan. The Board of Education pays approximately 98 percent of the premiums for the Health Plan and approximately 85 percent for the self-insurance plan. The School District also provides life insurance and accidental death and dismemberment insurance to all employees from Sun Life Insurance Company in an amount of \$20,000 per employee. The Board pays 100 percent of the premiums for this life insurance coverage.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension system. 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 State Statute per 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.

Plan members are required to contribute 9 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School's rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligation. 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's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$131,704, \$79,268 and \$48,201, respectively; 80.08 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$26,238 represents the unpaid contribution for fiscal year 2003. The balance outstanding is reflected as an intergovernmental payable.

**B. State Teachers Retirement System**

The School contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

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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, 2003, plan members were required to contribute 9.3 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 2002, the portion used to fund pension obligations was 9.5 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, 2003, 2002, and 2001 were \$818,955, \$744,509, and \$703,944 respectively; 85.13 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$3,750 made by the School District and \$6,922 made by the plan members.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a

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monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School, this amount equaled \$62,084 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. 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 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits during the 2003 fiscal year equaled \$116,271.

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 annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 14 – NOTES PAYABLE**

The School District had a \$7,945,000, 3.63 percent, new facility construction bond anticipation note outstanding as of June 30, 2002. The note was issued in anticipation of the issuance of bonds and is also backed by the full faith and credit of the School District. The note was issued October 20, 2001 and matured July 2002. Principal of \$7,945,000 and interest of \$157,907 was retired with general obligation bond proceeds which will be repaid from new tax levy proceeds. The debt proceeds are being used to fund the construction of the new connecting building between the high school and middle school and renovations to both the high school and middle school buildings.

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**NOTE 15 - LONG TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/02	Additions	Reductions	Principal Outstanding 6/30/03	Amounts Due in One Year
<b><u>Governmental Activities</u></b>					
2002 - School Facilities Construction and Improvement General Obligation					
Bonds - Various Interest Rates 1.95%-4.15%	\$7,944,111	\$0	\$500,000	\$7,444,111	\$525,000
Bond Premium	453,951	0	43,921	410,030	0
Bond Discount	(28,298)	2,739	0	(25,559)	0
Capital Appreciation Bond					
Accretion Interest Rate 4.77%	36,891	32,279	0	69,170	0
Total General Obligation Bonds	<u>8,406,655</u>	<u>35,018</u>	<u>543,921</u>	<u>7,897,752</u>	<u>525,000</u>
Energy Conservation Notes - 4.75%	82,099	0	40,081	42,018	42,018
Compensated Absences Payable	<u>924,144</u>	<u>527,776</u>	<u>558,839</u>	<u>893,081</u>	<u>85,102</u>
Total Governmental Activities Long-Term Liabilities	<u>\$9,412,898</u>	<u>\$562,794</u>	<u>\$1,142,841</u>	<u>\$8,832,851</u>	<u>\$652,120</u>
<b><u>Business Type Activity</u></b>					
Compensated Absences Payable	<u>\$10,968</u>	<u>\$8,245</u>	<u>\$7,729</u>	<u>\$11,484</u>	<u>\$2,927</u>

The School District has one note outstanding at June 30, 2003. The energy conservation note was issued for energy conservation capital improvements during fiscal year 1994 and was issued as a ten year note at a 4.75 percent interest rate, with the payments to be made from utility savings transferred from the General Fund to the Debt Service Fund. This note is intended to be fully retired by fiscal year 2004. The note is backed by the full faith and credit of the St. Clairsville-Richland City School District.

On April 15, 2002, the School District issued \$7,944,111 in general obligation school facilities construction and improvement bonds to pay off the bond anticipation notes. The School District received \$8,407,772 in proceeds, which included a \$483,132 premium on the capital appreciation bonds and \$10,653 in accrued interest. Costs associated with the bond issue amounted to \$150,812 and the serial bonds were issued at a \$30,124 discount. The bond premium, the discount, and the bond issuance costs will be amortized over the life of the issue. The bond issue consists of serial and capital appreciation bonds. The bonds were issued for an eleven year period with a final maturity at December 1, 2012 and the bonds have varying interest rates ranging from 1.95 percent to 4.15 percent. The general obligation bonds will be retired with the proceeds of a 2.94 mill levy approved in May 2001. The principal and interest requirements will be recorded in the debt service fund. At June 30, 2003 the unspent bond proceeds amounted to \$1,704,089.

The capital appreciation bonds were sold at a discount of \$920,889, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is December 1, 2013. At maturity all compound interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond

**St. Clairsville-Richland City School District**  
**St. Clairsville, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2003**

increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$1,040,000. At June 30, 2003 the accretion amount is \$69,170, for a total bond liability of \$188,281.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2004	\$525,000	\$257,764	\$782,764
2005	590,000	243,515	833,515
2006	615,000	226,318	841,318
2007	645,000	206,298	851,298
2008	705,000	182,964	887,964
2009-2013	4,364,111	1,375,673	5,739,784
	<u>\$7,444,111</u>	<u>\$2,492,532</u>	<u>\$9,936,643</u>

Principal and interest requirements to retire energy conservation note outstanding at June 30, 2003, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2004	\$42,018	\$1,990	\$44,008
Total	<u>\$42,018</u>	<u>\$1,990</u>	<u>\$44,008</u>

The overall debt margin of the School District as of June 30, 2003, was \$6,990,876 with an unvoted debt margin of \$288,782.

Compensated absences will be paid from the General Fund and the Miscellaneous Federal Grant Funds.



**St. Clairsville-Richland City School District**  
**St. Clairsville, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2003**

**NOTE 16 – CONTRACTUAL OBLIGATIONS**

As of June 30, 2003, the School District had contractual purchase commitments for the new facility construction project. The amount for each contractor is as follows:

Contractor	Fund	Purchase Commitments	Amounts Paid as of 6/30/03	Amounts Remaining on Contracts
Colaianne Construction	New Facility Construction Capital Projects Fund	\$3,863,605	\$2,866,856	\$996,749
A. E. Pelley	New Facility Construction Capital Projects Fund	\$1,636,089	\$1,360,957	\$275,132
S. A. Comunale	New Facility Construction Capital Projects Fund	\$107,929	\$83,361	\$24,568
Erb Electric	New Facility Construction Capital Projects Fund	\$1,079,163	\$768,769	\$310,394
Helbing Supply	New Facility Construction Capital Projects Fund	\$199,489	\$109,808	\$89,681
Johnson Controls	New Facility Construction Capital Projects Fund	\$241,758	\$167,125	\$74,633

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Ohio Mid Eastern Regional Educational Service Agency (OME-RESA)**

OME-RESA is a jointly governed organization created as a regional council of governments pursuant to State Statutes. OME-RESA participants consist of school districts and county educational service centers. OME-RESA provides financial accounting services, educational management information, and cooperative purchase services to member districts. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a governing board which is selected by the member districts. Each district has one vote in all matters, and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the governing board. OME-RESA has no outstanding debt. During fiscal year 2003, the St. Clairsville-Richland City School District paid \$31,006 to OME-RESA.

**B. East Central Ohio Special Education Regional Resource Center (ECOSERRC)**

*The East Central Ohio Special Education Regional Resource Center (ECOSERRC)* – The East Central Ohio Special Education Regional Resource Center is a not-for-profit Council of Governments of various school districts and other organizations in east central Ohio. The ECOSERRC participates in services that assist the participants in complying with mandates of Public Law 101-476 and Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the School District and the ECOSERRC is not financially dependent upon the continued participation of the School District. The School District does not maintain an equity interest in or financial responsibility for the ECOSERRC.

**St. Clairsville-Richland City School District**  
**St. Clairsville, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2003**

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**C. Belmont-Harrison Career Center**

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

**NOTE 18 - PUBLIC ENTITY POOLS**

**A. Insurance Purchasing Pools**

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

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

**B. Claims Servicing Pool**

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. All participating members retain their risk and the Plan acts as the claims servicing agent. During fiscal year 2003, the St. Clairsville-Richland City School District paid \$25,507 to the OME-RESA Self-Insurance Plan.

**St. Clairsville-Richland City School District**  
**St. Clairsville, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2003**

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**NOTE 19 – RELATED ORGANIZATION**

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

**NOTE 20 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

**B. Litigation**

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

**NOTE 21 - 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, 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 set-aside. The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital improvements, and budget stabilization. Disclosure of this information is required by State statute.

**St. Clairsville-Richland City School District**  
**St. Clairsville, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2003**

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	Budget Stabilization Reserve	Capital Improvements Reserve	Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2002	\$84,968	\$0	(\$135,038)
Current Year Set-aside Requirement	0	223,476	223,476
Qualifying Disbursements	0	(5,663,320)	(228,773)
Reduction in Requirement based on revised legislation			
<b>Total</b>	<b>\$84,968</b>	<b>(\$5,439,844)</b>	<b>(\$140,335)</b>
Set-aside Balance Carried Forward to Future Fiscal Years	\$84,968	\$0	(\$140,335)

The School District has qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement of future years. Although 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, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$84,968.

**NOTE 22 – STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550	\$0	\$15,146	\$0	\$14,110
School Breakfast Program	045997-05PU-02/03	10.553	36,625		36,625	
National School Lunch Program	045997-LLP4-02/03	10.555	<u>84,964</u>		<u>84,964</u>	
Total United States Department of Agriculture - Nutrition Cluster			<u>121,589</u>	<u>15,146</u>	<u>121,589</u>	<u>14,110</u>
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies - Title 1	045997-C1S1/D-00/03	84.010	395,150		395,469	
Special Education - Grants to States	045997-6BSF-01/03	84.027	216,284		196,888	
Safe and Drug-Free Schools and Communities - National Programs	045997-DRS1-02/03	84.186	16,919		20,957	
Innovative Education Program Strategies	045997-C2S1-01/03	84.298	14,013		12,941	
Education Technology State Grants	045997-TJS1-2003	84.318	2,391			
Title VI of ESEA - Class Size Reduction	045997-CRS1-2002	84.340	24,580		19,795	
Assistive Technology Infusion Program	045997-ATS1-2002	84.352A	(287)		1,518	
Improving Teacher Quality State Grants	045997-TRS1-2003	84.367	<u>79,631</u>		<u>76,610</u>	
Total United States Department of Education			<u>748,681</u>		<u>724,178</u>	
<b><u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed Through Ohio Department of Mental Retardation &amp; Developmental Disabilities:</i>						
Medical Assistance Program - Community Alternative Funding System (CAFS)	N/A	93.778	<u>67,207</u>		<u>67,207</u>	
Total United States Department of Health and Human Services			<u>67,207</u>		<u>67,207</u>	
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$937,477</u></b>	<b><u>\$15,146</u></b>	<b><u>\$912,974</u></b>	<b><u>\$14,110</u></b>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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 nonmonetary 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 - REFUNDS**

During fiscal year 2003, the School District refunded \$287 to the Ohio Department of Education (ODE) after the expiration of the period of availability of the Assistive Technology Infusion Program Grant, Code of Federal Domestic Assistance (CFDA) #84.352A.

**NOTE D - TRANSFERS**

The Ohio Department of Education (ODE) requires School Districts to record grant funds carried over from one grant period to another grant period as a negative receipt in the original grant fund project-by-year line and as a positive receipt in the subsequent year project line. The Schedule reflects the following transfer due to ODE administrative action:

<u>CFDA Number</u>	<u>Pass-through Entity Number</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
84.010	045997-C1-S1-02		\$31,901
84.010	045997-C1-S1-03	\$31,901	
84.010	045997-C1-SD-02		<u>3,587</u>
84.010	045997-C1-SD-03	<u>3,587</u>	
Total		<u>\$35,488</u>	<u>\$35,488</u>



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the basic financial statements of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 12, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 12, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 12, 2003.

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St. Clairsville-Richland City School District  
Belmont County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

December 12, 2003





**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the St. Clairsville-Richland City School District, Belmont County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

**Internal Control over Compliance**

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

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

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



**Betty Montgomery**  
Auditor of State

December 12, 2003

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505  
JUNE 30, 2003**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under Section .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Targeted Assistance, Title I, CFDA #84.010 Special Education, Part B-IDEA, CFDA #84.027
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505  
JUNE 30, 2003  
(Continued)**

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

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such a fund was established. As a result, a deficit fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of June 30, 2003, the Self-Insurance Fund reflected a deficit cash fund balance of \$246,474.

We recommend the School District monitor fund balances to ensure that monies from one fund are not utilized to pay the obligations of another fund. To cover temporary cash flow shortages, the School District may advance money from other funds to prevent deficits. The School District can refer to Auditor of State Audit Bulletin 1997-003 when advances from other funds are necessary to cover a deficit fund balance.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 SECTION .315(b)  
JUNE 30, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid</u> ; <b><i>Explain:</i></b>
2002-001	Ohio Rev. Code Section 5705.10 states money paid into one fund may only be used for the purposes for which such fund was established.	No	Reissued as Finding Number 2003-001.
2002-002	Ohio Rev. Code Section 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.	Yes	N/A

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

**CORRECTIVE ACTION PLAN  
JUNE 30, 2003**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-001	The Treasurer will monitor all fund balances in order to ensure adequate cash balances are on hand to cover expenses.	6-30-04	Trevor Gummere, Treasurer



**Auditor of State  
Betty Montgomery**

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

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 22, 2004**