



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



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

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**STATE OF OHIO**



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Barnesville Exempted Village School District  
Belmont County  
210 West Church Street  
Barnesville, Ohio 43713

To Members of the Board:

We have audited the accompanying general purpose financial statements of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Barnesville Exempted Village School District, Belmont County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types 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 a report dated December 27, 2001, 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.

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

**Jim Petro**  
Auditor of State

December 27, 2001

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**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,002,226	\$285,130	\$73,224	\$449,177
Cash and Cash Equivalents with Fiscal Agents	0	0	0	13,498
Investments	0	0	0	9,150,095
Receivables:				
Property and Other Taxes	1,982,042	36,786	272,214	0
Accounts	1,071	20,540	0	0
Intergovernmental	0	140,441	0	8,641,119
Accrued Interest	0	0	0	960
Due From Other Funds	0	0	0	0
Income Tax	0	0	0	99,759
Interfund	77,340	0	0	0
Materials and Supplies Inventory	24,890	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	8,058	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	115,464	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u>\$4,211,091</u></b>	<b><u>\$482,897</u></b>	<b><u>\$345,438</u></b>	<b><u>\$18,354,608</u></b>



Proprietary Fund Type		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$0	\$0	\$110,073	\$0	\$0	\$2,919,830
0	0	0	0	0	13,498
0	0	0	0	0	9,150,095
0	0	0	0	0	2,291,042
0	0	0	0	0	21,611
0	0	0	0	0	8,781,560
0	0	0	0	0	960
0	154,755	0	0	0	154,755
0	0	0	0	0	99,759
0	0	0	0	0	77,340
1,569	0	0	0	0	26,459
5,496	0	0	0	0	5,496
0	0	0	0	0	8,058
0	0	0	0	0	115,464
13,588	0	0	11,242,718	0	11,256,306
0	0	0	0	91,573	91,573
0	0	0	0	4,046,935	4,046,935
<b>\$20,653</b>	<b>\$154,755</b>	<b>\$110,073</b>	<b>\$11,242,718</b>	<b>\$4,138,508</b>	<b>\$39,060,741</b>

(Continued)

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Liabilities Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$25,295	\$8,494	\$0	\$46,667
Retainage Payable	0	0	0	13,498
Accrued Wages and Benefits	730,985	72,439	0	0
Compensated Absences Payable	19,848	78	0	0
Due To Other Funds	132,673	17,512	0	0
Interfund Payable	0	3,808	0	0
Intergovernmental Payable	144,146	12,377	0	11
Deferred Revenue	1,856,595	154,942	253,865	8,574,422
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Long-Term Pension Liability	0	0	0	0
<b>Total Liabilities</b>	<b><u>2,909,542</u></b>	<b><u>269,650</u></b>	<b><u>253,865</u></b>	<b><u>8,634,598</u></b>
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	389,158	86,891	0	13,335,173
Reserved for Inventory	24,890	0	0	0
Reserved for Property Taxes	125,447	2,480	18,349	0
Reserved for Bus Purchases	73,337	0	0	0
Reserved for Budget Stabilization	42,127	0	0	0
Unreserved:				
Undesignated (Deficit)	646,590	123,876	73,224	(3,615,163)
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b><u>1,301,549</u></b>	<b><u>213,247</u></b>	<b><u>91,573</u></b>	<b><u>9,720,010</u></b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$4,211,091</u></b>	<b><u>\$482,897</u></b>	<b><u>\$345,438</u></b>	<b><u>\$18,354,608</u></b>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$0	\$0	\$0	\$0	\$0	\$80,456
0	0	0	0	0	13,498
21,209	0	0	0	0	824,633
18,731	0	0	0	835,727	874,384
4,570	0	0	0	0	154,755
27,458	46,074	0	0	0	77,340
2,433	0	0	0	0	158,967
3,336	0	0	0	0	10,843,160
0	0	55,393	0	0	55,393
0	147,729	0	0	0	147,729
0	0	0	0	3,245,000	3,245,000
6,006	0	0	0	57,781	63,787
<u>83,743</u>	<u>193,803</u>	<u>55,393</u>	<u>0</u>	<u>4,138,508</u>	<u>16,539,102</u>
0	0	0	11,242,718	0	11,242,718
130,987	0	0	0	0	130,987
(194,077)	(39,048)	0	0	0	(233,125)
0	0	13,250	0	0	13,824,472
0	0	0	0	0	24,890
0	0	0	0	0	146,276
0	0	0	0	0	73,337
0	0	0	0	0	42,127
<u>0</u>	<u>0</u>	<u>41,430</u>	<u>0</u>	<u>0</u>	<u>(2,730,043)</u>
<u>(63,090)</u>	<u>(39,048)</u>	<u>54,680</u>	<u>11,242,718</u>	<u>0</u>	<u>22,521,639</u>
<b><u>\$20,653</u></b>	<b><u>\$154,755</u></b>	<b><u>\$110,073</u></b>	<b><u>\$11,242,718</u></b>	<b><u>\$4,138,508</u></b>	<b><u>\$39,060,741</u></b>

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**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Property and Other Taxes	\$1,886,336	\$32,113	\$237,631	\$0	\$0	\$2,156,080
Intergovernmental	5,979,112	723,714	31,941	7,215,764	0	13,950,531
Interest	103,740	6,306	3,606	270,931	2,329	386,912
Tuition and Fees	14,556	0	0	0	0	14,556
Extracurricular Activities	0	134,206	0	0	131	134,337
Gifts and Donations	0	9,286	0	136,991	5,500	151,777
Income Tax	0	0	0	302,941	0	302,941
Miscellaneous	55,699	16,733	3,697	30,882	0	107,011
<b>Total Revenues</b>	<b>8,039,443</b>	<b>922,358</b>	<b>276,875</b>	<b>7,957,509</b>	<b>7,960</b>	<b>17,204,145</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	3,766,612	151,186	0	146,875	0	4,064,673
Special	689,371	338,401	0	3,034	0	1,030,806
Vocational	305,374	0	0	0	0	305,374
Other	26,227	0	0	0	0	26,227
Support Services:						
Pupils	339,510	55,820	0	9,735	5,000	410,065
Instructional Staff	211,585	111,896	0	0	0	323,481
Board of Education	80,483	0	0	0	0	80,483
Administration	709,911	42,522	0	0	0	752,433
Fiscal	224,877	2,924	5,338	32,791	0	265,930
Business	0	12,162	0	0	0	12,162
Operation and Maintenance of Plant	693,637	349	0	72,316	0	766,302
Pupil Transportation	553,560	25,328	0	16,715	0	595,603
Central	107,633	45,163	0	6,279	0	159,075
Operation of Non-Instructional Services	0	21,952	0	0	0	21,952
Extracurricular Activities	135,384	83,702	0	0	0	219,086
Capital Outlay	0	1,415	0	2,273,326	0	2,274,741
Debt Service:						
Principal Retirement	0	0	22,000	0	0	22,000
Interest and Fiscal Charges	0	0	187,671	0	0	187,671
<b>Total Expenditures</b>	<b>7,844,164</b>	<b>892,820</b>	<b>215,009</b>	<b>2,561,071</b>	<b>5,000</b>	<b>11,518,064</b>
Excess of Revenues Over (Under) Expenditures	195,279	29,538	61,866	5,396,438	2,960	5,686,081
Fund Balances at Beginning of Year	1,106,942	183,709	29,707	4,323,572	51,720	5,695,650
Increase in Reserve for Inventory	(672)	0	0	0	0	(672)
<b>Fund Balances at End of Year</b>	<b>\$1,301,549</b>	<b>\$213,247</b>	<b>\$91,573</b>	<b>\$9,720,010</b>	<b>\$54,680</b>	<b>\$11,381,059</b>

See accompanying notes to the general purpose financial statements.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property and Other Taxes	\$1,906,361	\$1,906,361	\$0	\$32,061	\$32,061	\$0
Intergovernmental	5,982,833	5,982,833	0	714,723	714,723	0
Interest	95,847	103,759	7,912	5,763	6,306	543
Tuition and Fees	14,573	14,626	53	0	0	0
Extracurricular Activities	0	0	0	132,092	132,092	0
Gifts and Donations	0	0	0	9,286	9,286	0
Income Tax	0	0	0	0	0	0
Miscellaneous	55,832	55,832	0	2,997	2,997	0
<b>Total Revenues</b>	<b>8,055,446</b>	<b>8,063,411</b>	<b>7,965</b>	<b>896,922</b>	<b>897,465</b>	<b>543</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	3,754,424	3,754,423	1	222,817	155,598	67,219
Special	736,713	728,269	8,444	336,169	336,169	0
Vocational	308,042	307,365	677	0	0	0
Other	54,801	25,457	29,344	0	0	0
Support Services:						
Pupils	344,850	343,655	1,195	69,004	67,693	1,311
Instructional Staff	218,318	217,397	921	120,535	114,192	6,343
Board of Education	105,446	92,361	13,085	0	0	0
Administration	737,846	725,349	12,497	42,994	42,990	4
Fiscal	234,436	227,140	7,296	4,825	2,923	1,902
Business	0	0	0	17,900	12,162	5,738
Operation and Maintenance of Plant	961,646	941,550	20,096	1,407	347	1,060
Pupil Transportation	578,696	572,108	6,588	25,328	25,328	0
Central	149,289	149,288	1	76,201	46,735	29,466
Operation of Non-Instructional Services	0	0	0	44,643	44,615	28
Extracurricular Activities	135,969	135,969	0	101,099	99,646	1,453
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>8,320,476</b>	<b>8,220,331</b>	<b>100,145</b>	<b>1,062,922</b>	<b>948,398</b>	<b>114,524</b>
Excess of Revenues Over (Under) Expenditures	(265,030)	(156,920)	108,110	(166,000)	(50,933)	115,067
<b>Other Financing Sources (Uses):</b>						
Advances In	151,524	137,437	(14,087)	3,808	3,808	0
Advances Out	(75,056)	(75,055)	1	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>76,468</b>	<b>62,382</b>	<b>(14,086)</b>	<b>3,808</b>	<b>3,808</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(188,562)	(94,538)	94,024	(162,192)	(47,125)	115,067
Fund Balances at Beginning of Year	1,498,342	1,498,342	0	240,820	240,820	0
Prior Year Encumbrances Appropriated	302,923	302,923	0	25,023	25,023	0
<b>Fund Balances at End of Year</b>	<b>\$1,612,703</b>	<b>\$1,706,727</b>	<b>\$94,024</b>	<b>\$103,651</b>	<b>\$218,718</b>	<b>\$115,067</b>

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$237,249	\$237,249	\$0	\$0	\$0	\$0
31,941	31,941	0	7,149,067	7,149,067	0
3,335	3,606	271	245,780	271,259	25,479
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	136,991	136,991	0
0	0	0	362,935	362,935	0
3,697	3,697	0	30,882	30,882	0
<u>276,222</u>	<u>276,493</u>	<u>271</u>	<u>7,925,655</u>	<u>7,951,134</u>	<u>25,479</u>
0	0	0	146,875	146,875	0
0	0	0	3,034	3,034	0
0	0	0	1,913	0	1,913
0	0	0	0	0	0
0	0	0	46,157	46,157	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
6,000	5,338	662	40,496	40,496	0
0	0	0	0	0	0
0	0	0	88,892	88,892	0
0	0	0	16,715	16,715	0
0	0	0	62,936	56,977	5,959
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	8,096,671	15,636,648	(7,539,977)
22,000	22,000	0	0	0	0
209,671	187,671	22,000	0	0	0
<u>237,671</u>	<u>215,009</u>	<u>22,662</u>	<u>8,503,689</u>	<u>16,035,794</u>	<u>(7,532,105)</u>
<u>38,551</u>	<u>61,484</u>	<u>22,933</u>	<u>(578,034)</u>	<u>(8,084,660)</u>	<u>(7,506,626)</u>
0	0	0	0	0	0
0	0	0	0	(137,437)	(137,437)
0	0	0	0	(137,437)	(137,437)
38,551	61,484	22,933	(578,034)	(8,222,097)	(7,644,063)
11,738	11,738	0	3,519,681	3,519,681	0
2	2	0	951,040	951,040	0
<u>\$50,291</u>	<u>\$73,224</u>	<u>\$22,933</u>	<u>\$3,892,687</u>	<u>(\$3,751,376)</u>	<u>(\$7,644,063)</u>

(Continued)

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property and Other Taxes	\$0	\$0	\$0	\$2,175,671	\$2,175,671	\$0
Intergovernmental	0	0	0	13,878,564	13,878,564	0
Interest	2,128	2,329	201	352,853	387,259	34,406
Tuition and Fees	0	0	0	14,573	14,626	53
Extracurricular Activities	131	131	0	132,223	132,223	0
Gifts and Donations	5,500	5,500	0	151,777	151,777	0
Income Tax	0	0	0	362,935	362,935	0
Miscellaneous	0	0	0	93,408	93,408	0
<b>Total Revenues</b>	<b>7,759</b>	<b>7,960</b>	<b>201</b>	<b>17,162,004</b>	<b>17,196,463</b>	<b>34,459</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	0	0	0	4,124,116	4,056,896	67,220
Special	0	0	0	1,075,916	1,067,472	8,444
Vocational	0	0	0	309,955	307,365	2,590
Other	0	0	0	54,801	25,457	29,344
Support Services:						
Pupils	24,250	19,250	5,000	484,261	476,755	7,506
Instructional Staff	0	0	0	338,853	331,589	7,264
Board of Education	0	0	0	105,446	92,361	13,085
Administration	0	0	0	780,840	768,339	12,501
Fiscal	0	0	0	285,757	275,897	9,860
Business	0	0	0	17,900	12,162	5,738
Operation and Maintenance of Plant	0	0	0	1,051,945	1,030,789	21,156
Pupil Transportation	0	0	0	620,739	614,151	6,588
Central	0	0	0	288,426	253,000	35,426
Operation of Non-Instructional Services	0	0	0	44,643	44,615	28
Extracurricular Activities	0	0	0	237,068	235,615	1,453
Capital Outlay	0	0	0	8,096,671	15,636,648	(7,539,977)
Debt Service:						
Principal Retirement	0	0	0	22,000	22,000	0
Interest and Fiscal Charges	0	0	0	209,671	187,671	22,000
<b>Total Expenditures</b>	<b>24,250</b>	<b>19,250</b>	<b>5,000</b>	<b>18,149,008</b>	<b>25,438,782</b>	<b>(7,289,774)</b>
Excess of Revenues Over (Under) Expenditures	(16,491)	(11,290)	5,201	(987,004)	(8,242,319)	(7,255,315)
<b>Other Financing Sources (Uses):</b>						
Advances In	0	0	0	155,332	141,245	(14,087)
Advances Out	0	0	0	(75,056)	(212,492)	(137,436)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80,276</b>	<b>(71,247)</b>	<b>(151,523)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(16,491)	(11,290)	5,201	(906,728)	(8,313,566)	(7,406,838)
Fund Balances at Beginning of Year	39,971	39,971	0	5,310,552	5,310,552	0
Prior Year Encumbrances Appropriated	12,749	12,749	0	1,291,737	1,291,737	0
<b>Fund Balances at End of Year</b>	<b>\$36,229</b>	<b>\$41,430</b>	<b>\$5,201</b>	<b>\$5,695,561</b>	<b>(\$1,711,277)</b>	<b>(\$7,406,838)</b>

See accompanying notes to the general purpose financial statements.



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><u>Operating Revenues:</u></b>			
Sales	\$104,830	\$0	\$104,830
Charges for Services	0	652,807	\$652,807
Other Revenues	25,739	24,951	50,690
Total Operating Revenues	<u>130,569</u>	<u>677,758</u>	<u>808,327</u>
<b><u>Operating Expenses:</u></b>			
Salaries and Wages	95,567	0	95,567
Fringe Benefits	62,755	33,298	96,053
Purchased Services	2,154	0	2,154
Materials and Supplies	20,795	0	20,795
Cost of Sales	125,161	0	125,161
Depreciation	4,823	0	4,823
Claims	0	742,784	742,784
Other	1,087	0	1,087
Total Operating Expenses	<u>312,342</u>	<u>776,082</u>	<u>1,088,424</u>
Operating Loss	<u>(181,773)</u>	<u>(98,324)</u>	<u>(280,097)</u>
<b><u>Non-Operating Revenues :</u></b>			
Federal Donated Commodities	14,915	0	14,915
Interest	0	717	717
Operating Grants	120,249	0	120,249
Total Non-Operating Revenues	<u>135,164</u>	<u>717</u>	<u>135,881</u>
Net Loss	(46,609)	(97,607)	(144,216)
Retained Earnings (Deficit) at Beginning of Year	<u>(147,468)</u>	<u>58,559</u>	<u>(88,909)</u>
Retained Earnings (Deficit) at End of Year	(194,077)	(39,048)	(233,125)
Contributed Capital at Beginning and End of Year	<u>130,987</u>	<u>0</u>	<u>130,987</u>
<b>Total Fund Equity (Deficit) at End of Year</b>	<b><u>(\$63,090)</u></b>	<b><u>(\$39,048)</u></b>	<b><u>(\$102,138)</u></b>

*See accompanying notes to the general purpose financial statements.*

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>			
Sales	\$104,830	\$104,830	\$0
Charges for Services	0	0	0
Other	25,739	25,739	0
Interest	0	0	0
Operating Grants	120,249	120,249	0
Total Revenues	250,818	250,818	0
<b><u>Expenses:</u></b>			
Salaries	93,960	93,960	0
Fringe Benefits	61,582	61,582	0
Purchased Services	2,154	2,154	0
Materials and Supplies	131,559	131,559	0
Capital Outlay	810	810	0
Other	1,087	1,087	0
Total Expenses	291,152	291,152	0
Excess of Revenues Under Expenses	(40,334)	(40,334)	0
Advances In	27,458	27,458	0
Excess of Revenues and Advances In Under Expenses	(12,876)	(12,876)	0
Fund Equity at Beginning of Year	12,178	12,178	0
Prior Year Encumbrances Appropriated	698	698	0
<b>Fund Equity at End of Year</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*See accompanying notes to the general purpose financial statements.*

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$104,830	\$104,830	\$0
642,191	642,191	0	642,191	642,191	0
24,951	24,951	0	50,690	50,690	0
717	717	0	717	717	0
0	0	0	120,249	120,249	0
<u>667,859</u>	<u>667,859</u>	<u>0</u>	<u>918,677</u>	<u>918,677</u>	<u>0</u>
0	0	0	93,960	93,960	0
33,298	33,298	0	94,880	94,880	0
701,880	701,880	0	704,034	704,034	0
0	0	0	131,559	131,559	0
0	0	0	810	810	0
0	0	0	1,087	1,087	0
<u>735,178</u>	<u>735,178</u>	<u>0</u>	<u>1,026,330</u>	<u>1,026,330</u>	<u>0</u>
(67,319)	(67,319)	0	(107,653)	(107,653)	0
<u>43,789</u>	<u>43,789</u>	<u>0</u>	<u>71,247</u>	<u>71,247</u>	<u>0</u>
(23,530)	(23,530)	0	(36,406)	(36,406)	0
21,245	21,245	0	33,423	33,423	0
0	0	0	698	698	0
<u><b>(\$2,285)</b></u>	<u><b>(\$2,285)</b></u>	<u><b>\$0</b></u>	<u><b>(\$2,285)</b></u>	<u><b>(\$2,285)</b></u>	<u><b>\$0</b></u>

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Sales	\$104,830	\$0	\$104,830
Cash Received from Quasi-External Transactions with Other Funds	0	642,191	642,191
Cash Received from Other Revenues	25,739	24,951	50,690
Cash Payments to Suppliers for Goods and Services	(134,523)	(33,298)	(167,821)
Cash Payments for Employee Services	(93,960)	0	(93,960)
Cash Payments for Employee Benefits	(61,582)	0	(61,582)
Cash Payments for Other Expenses	(1,087)	0	(1,087)
Cash Payments for Claims	0	(701,880)	(701,880)
	<u>(160,583)</u>	<u>(68,036)</u>	<u>(228,619)</u>
<b><u>Net Cash Used for Operating Activities</u></b>			
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	120,249	0	120,249
Advance In	27,458	46,074	73,532
	<u>147,707</u>	<u>46,074</u>	<u>193,781</u>
<b><u>Net Cash Provided by Noncapital Financing Activities</u></b>			
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest	0	717	717
	<u>0</u>	<u>717</u>	<u>717</u>
<b><u>Net Decrease in Cash and Cash Equivalents</u></b>			
	<u>(12,876)</u>	<u>(21,245)</u>	<u>(34,121)</u>
<b><u>Cash and Cash Equivalents at Beginning of Year</u></b>			
	<u>12,876</u>	<u>21,245</u>	<u>34,121</u>
<b><u>Cash and Cash Equivalents at End of Year</u></b>			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>			
Operating Loss	(\$181,773)	(\$98,324)	(\$280,097)
	<u>(\$181,773)</u>	<u>(\$98,324)</u>	<u>(\$280,097)</u>
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></b>			
Depreciation Expense	4,823	0	4,823
Donated Commodities Used During Year	14,915	0	14,915
<b><u>Changes in Assets and Liabilities:</u></b>			
Increase Due From Other Funds	0	(10,616)	(10,616)
Increase in Inventory Held for Resale	(22)	0	(22)
Increase in Materials and Supply Inventory	(608)	0	(608)
Decrease in Accounts Payable	(698)	0	(698)
Increase in Intergovernmental Payable	373	0	373
Increase in Accrued Wages Payable	798	0	798
Increase in Compensated Absences Payable	1,148	0	1,148
Increase in Due to Other Funds	461	0	461
Increase in Claims Payable	0	40,904	40,904
	<u>21,190</u>	<u>30,288</u>	<u>51,478</u>
<b><u>Total Adjustments</u></b>			
	<u>(\$160,583)</u>	<u>(\$68,036)</u>	<u>(\$228,619)</u>
<b><u>Net Cash Used for Operating Activities</u></b>			

*See accompanying notes to the general purpose financial statements.*

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

Barnesville Exempted Village School District (the School District) operates under a locally-elected Board form of government and provides educational services as authorized by state and/or federal agencies. This Board controls the School District's 4 instructional/support facilities staffed by 52 non-certificated employees, 105 certificated full time teaching personnel and 7 administrative employees to provide services to approximately 1,362 students and other community members.

The School District was established in 1855 as the Barnesville Public Schools, with the first high school being established in 1878. In 1957 the Barnesville Exempted Village School District assumed the former Warren Township Rural Local School District, the Somerset Township Rural Local School District, the Kirkwood Township Rural Local School District and portions of the Wayne Township Rural School District. The School District is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 126 square miles. It is located in Belmont County, including all of the Village of Barnesville, Warren Township, Somerset Township and Kirkwood Township, along with portions of Wayne Township, Flushing Township and Goshen Township. The School District, situated in Southeast Ohio, is ranked 577th in the State of Ohio (among 612 school districts) in terms of wealth. It currently operates 3 instructional buildings and 1 garage.

*Reporting Entity:*

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

There were no entities or organizations that meet the criteria of a component unit for the School District.

Included within the reporting entity:

*Private Schools* - Within the School District boundaries, Olney Friends School and Barnesville Independent Elementary are operated as private schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools. The activity of these State monies by the School District are reflected in a Special Revenue fund for financial reporting purposes.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

The School District is associated with five organizations which are defined as a jointly governed organization, a group purchasing pool, a claims servicing pool, or a related organization. These organizations include the Ohio Mid-Eastern Regional Education Services Agency (OME-RESA), Belmont-Harrison Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan (a claims servicing pool), and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 19, 20, and 21 to the combined financial statements.

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

The financial statements of the Barnesville Exempted Village 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 issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

*Governmental Fund Types:*

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

*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. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

*Debt Service Fund* - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

*Capital Projects Fund* - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

*Proprietary Fund Type:*

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

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

*Internal Service Funds* - Internal service funds account 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.

*Fiduciary Fund Types:*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust funds and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Account Groups:*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

*General Fixed Assets Account Group* - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

generally included on the balance sheet.

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

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before 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.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

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

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable.

The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Belmont County Budget Commission for rate determination.

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The allocation of appropriations among functions and objects within a fund may be modified during the fiscal year by the Treasurer without Board approval. During the fiscal year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

*Lapsing of Appropriations:*

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. This account is maintained for escrow accounts for monies being held by the School District on behalf of contractors and is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents" since they are not required to be deposited into the School District treasury.

During fiscal year 2001, investments were limited to SuperNow, Special Arrangement Accounts, Sweep Accounts, and Prime Money Market interest bearing checking accounts. Sweep accounts and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$103,740. The General Fund interest amount included \$7,980 assigned from other School District funds.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

The School District has a segregated bank account for monies held by the School District's third party administrator, OME-RESA, for the School District's self-insurance program. This interest bearing depository account is presented in the combined balance sheet as "cash and cash equivalents with fiscal agents" since it is not required to be deposited into the School District treasury.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated 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. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed 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 two hundred and fifty dollars.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise fund type is computed using the straight-line method over an estimated useful life of five to twenty years. The School District does not have any enterprise fund infrastructure.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**H. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 22 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds " or "due to other funds" on the balance sheet.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after ten years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and pension obligations that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. General Obligation Bonds are reported as a liability of the general long-term obligations account group until due. In general, payments made more than sixty days after year-end are considered not to have been paid using current available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

Under Ohio law, a debt service retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the School District's debt service retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**M. Fund Balance Reserves**

The School District reserves those portions of fund equity 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, budget stabilization, and school bus purchases.

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

**N. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on these assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. At June 30, 2001, the School District had contributed capital of \$130,987.

**O. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**P. Estimates**

The preparation of the 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 could differ from those estimates.

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

***Changes in Accounting Principles*** For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Nonexchange Revenues." The implementation of GASB Statements 33 and 36 had no effect on fund balance at June 30, 2000.

Also, due to the implementation of GASB 33 and 36, previously reported intergovernmental receivables and deferred revenue were understated by \$15,402,240 in the Capital Projects Fund Type. This restatement is made to record the remaining amount of the "Classroom Facilities Program" grant awarded to the School District in August 1998.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2001, the DPIA, Summer School Improvement, and Title I Special Revenue Funds; the Food Service Enterprise Fund; and the Self-Insurance Internal Service Fund have deficit fund balances of \$25,938, \$1,639, \$61,643, \$63,090, and \$39,048, respectively, which were created by the application of generally accepted accounting principles.

**B. Compliance**

The School District incurred negative cash fund balances throughout the year contrary to section 5705.10, Revised Code.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental and Similar Fiduciary Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types are 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 that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental and Similar Fiduciary Fund Types

	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust
GAAP Basis	\$195,279	\$29,538	\$5,396,438	\$61,866	\$2,960
Revenue Accruals	23,968	(24,893)	(6,375)	(382)	0
Advance-In	137,437	3,808	0	0	0
Advance-Out	(75,055)	0	(137,437)	0	0
Expenditure Accruals	36,993	39,807	(139,550)	0	(1,000)
Encumbrances at 06/30/01	(413,160)	(95,385)	(13,335,173)	0	(13,250)
Budget Basis	(\$94,538)	(\$47,125)	(\$8,222,097)	\$61,484	(\$11,290)

Net Loss/Excess of Revenues and Advances In Under Expenses  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$46,609)	(\$97,607)
Revenue Accruals	0	(10,616)
Expense Accruals	1,452	40,904
Depreciation Expense	4,823	0
Advance-In	27,458	43,789
Budget Basis	(\$12,876)	(\$23,530)

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 6 - 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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal 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, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in 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 bankers' acceptances 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 moneys 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.



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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

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, qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

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

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$3,048,792 and the bank balance was \$3,120,932. Of the bank balance, \$100,000 was covered by federal depository insurance and \$3,020,932 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 FDIC.

*Investments:* The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at 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 for which the securities 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.

	Category 2	Category 3	Carrying Value	Market Value
Repurchase Agreement	\$0	\$9,150,095	\$9,150,095	\$9,150,095
Totals			\$9,150,095	\$9,150,095

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 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$3,048,792	\$9,150,095
Total GASB Statement 3	\$3,048,792	\$9,150,095

At June 30, 2001, the School District's internal service fund had no balance with OME-RESA, a jointly governed organization (See Note 19). Any money held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

Real property taxes are levied after April 1, 2001, on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 7 - PROPERTY TAXES (Continued)**

	<u>2000 Second- Half Collections</u>		<u>2001 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$54,256,070	82.79%	\$66,036,690	84.08%
Public Utility	6,637,900	10.13	6,953,260	8.85
Tangible Personal Property	<u>4,641,880</u>	<u>7.08</u>	<u>5,544,570</u>	<u>7.07</u>
Total Assessed Value	<u>\$65,535,850</u>	<u>100.00%</u>	<u>\$78,534,520</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$46.60		\$46.10	

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.

Tangible personal property taxes paid 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.

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, 2001, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$125,447 in the General Fund, \$18,349 in the Debt Service Fund, and \$2,480 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2000, was \$145,472 in the General Fund, \$17,967 in the Debt Service Fund, and \$2,428 in the Classroom Facilities Maintenance Special Revenue Fund.

**NOTE 8 - INCOME TAX**

The School District levies a voted tax of ½ percent for capital improvements on the income of residents and of estates. The tax was effective on January 1, 1996, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the Permanent Improvement Fund.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2001, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), interfund, accrued interest, due from other funds, 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 fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Fund	Amount
Special Revenue Funds	
Title VI-B	\$35,931
Title I	80,899
Title II	3,806
Miscellaneous	19,805
Total Special Revenue	140,441
Capital Projects Funds:	
Classroom Facilities	8,641,119
Total	\$8,781,560

In August 1998, the School District was awarded \$16,499,268 for the construction and renovation of school buildings under the State's "Classroom Facilities Program." Under this program, the School District entered into an agreement with the State of Ohio in which the State will pay for a portion of the estimated project costs. As of the end of fiscal year 2001, the School District had received \$7,858,150 of the amount awarded under this program. The remaining amount of \$8,641,119 is recorded as a receivable.

**NOTE 10 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$146,712
Less Accumulated Depreciation	(133,124)
Net Fixed Assets	\$13,588

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 10 - FIXED ASSETS (Continued)**

A summary of the changes in general fixed assets during fiscal year 2001 follows:

<u>Asset Category</u>	<u>Balance at 06/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 06/30/01</u>
Land and Improvements	\$195,174	\$23,000	\$0	\$218,174
Buildings and Improvements	5,310,244	0	0	5,310,244
Furniture, Fixtures and Equipment	2,290,984	116,177	109,532	2,297,629
Vehicles	560,140	110,479	0	670,619
Textbooks and Library Books	482,403	0	0	482,403
Construction in Progress	<u>409,328</u>	<u>1,854,321</u>	<u>0</u>	<u>2,263,649</u>
Totals	<u><u>\$9,248,273</u></u>	<u><u>\$2,103,977</u></u>	<u><u>\$109,532</u></u>	<u><u>\$11,242,718</u></u>

**NOTE 11 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Nationwide Insurance for property insurance and inland marine coverage, and for fleet insurance and liability insurance.

Coverages provided by Nationwide Insurance are as follows:

Building and Contents - replacement cost (\$500 deductible)	\$16,552,346
Inland Marine Coverage (\$100 deductible)	954,445
Boiler and Machinery (\$500 deductible)	3,000,000
Crime Insurance (\$100 deductible)	10,000
Automobile Liability (\$1,000 deductible)	1,000,000
Uninsured Motorists (\$1,000 deductible)	100,000
General Liability	
Per occurrence	1,000,000
Total Per Year	5,000,000

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

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Grating Program (the Plan), an insurance purchasing pool (Note 20). The Plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the Plan.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 11 - RISK MANAGEMENT**

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

The school districts apply for participation each year. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

Medical, prescription, dental and vision insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool, consisting of participating schools within the OME-RESA computer consortium region, 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 \$147,729 reported in the internal service fund at June 30, 2001 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District's self-insurance program began during fiscal year 1996. The following table reflects changes in claims activity for fiscal year 2000 and fiscal year 2001:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2000	\$50,145	\$600,808	\$544,128	\$106,825
2001	\$106,825	\$742,784	\$701,880	\$147,729

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System(SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2000, 5.5 percent of annual covered salary was the portion to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$42,963, \$44,975, and \$77,079, respectively; 42.84 percent has been contributed for fiscal year 2001 and 100 percent for fiscal year 2000 and 1999. \$24,558 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$448,900, \$249,737, and \$202,475, respectively; 84.26 percent has been contributed for fiscal year 2001 and 100 percent for fiscal year 2000 and 1999. \$70,675 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$212,637 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 million at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

twenty-five years of service credit must pay a portion of their premium for health care.

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

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% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. 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 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$109,458.

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 annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including surcharge, equaled \$82,229 during the 2001 fiscal year.

**NOTE 14 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit.

**B. Health Care Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through OME-RESA Health Benefits. The School District has elected to provide employee medical/surgical benefits through OME-RESA Health Benefits and the Health Plan of the Upper Ohio Valley. Dental, vision and prescription insurance are provided by the School District to most employees through OME-RESA Health Benefits. The cost of premiums for coverages through OME-RESA Health Benefits, with the exception of life insurance and accidental death and dismemberment insurance, is paid 90% by the Board and 10% by the employee. The cost of premiums for the coverage through Health Plan of the Upper Ohio Valley and the life insurance and accidental death and dismemberment insurance is funded entirely by the Board.

**NOTE 15 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 15 - LONG-TERM OBLIGATIONS (Continued)**

	<u>Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 6/30/01</u>
School Facilities Bonds 2000 Variable Rates	\$3,267,000	\$0	\$22,000	\$3,245,000
Compensated Absences	823,785	11,942	0	835,727
Retirement Incentive	15,000	0	15,000	0
Long-Term Pension Obligation	<u>55,321</u>	<u>57,781</u>	<u>55,321</u>	<u>57,781</u>
Total General Long-Term Obligations	<u>\$4,161,106</u>	<u>\$69,723</u>	<u>\$92,321</u>	<u>\$4,138,508</u>

*Barnesville Elementary School Addition General Obligation Bonds*

On March 24, 2000, Barnesville Exempted Village School District issued \$3,267,000 in voted general obligation bonds for the purpose of retiring \$3,267,000 in bond anticipation notes that were issued for the purpose of constructing, acquiring, reconstructing, and making additions to classroom facilities under authority of and pursuant to the general laws of the State of Ohio, particularly Chapters 133 and 3318 of the Ohio Revised Code. The bonds were issued for a period of twenty-three years with a final maturity at December 1, 2023. The liability for the bonds is recorded in the General Long-Term Obligations Account Group with annual principal and interest requirements being retired from the debt service fund. The bond issue consists of serial and term bonds. The term bonds that mature in the year 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2021, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2021	\$275,000

Unless otherwise called for redemption, the remaining \$295,000 principal amount of the bonds due December 31, 2021 is to be paid at stated maturity.

The bonds maturing on December 1 in each of the years 2000 through 2015 are not subject to optional call for redemption prior to their respective maturity dates.

The bonds maturing on December 1, 2016 and thereafter are subject to optional redemption, in whole or in part on any date and by lot within a maturity, at the option of the School District on or after December 1, 2010 as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 1, 2010 through November 30, 2011	101 percent
December 1, 2011 and thereafter	100 percent

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 15 - LONG-TERM OBLIGATIONS (Continued)**

If fewer than all of the outstanding bonds of a single maturity are called for redemption, the selection of the bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiple thereof, shall be made by lot by the Paying Agent and Registrar in any manner which the Paying Agent and Registrar may determine.

Compensated absences and the retirement incentive will be paid from the fund from which the employees' salaries are paid. The School District's voted legal debt margin was \$7,068,107 with an unvoted debt margin of \$78,535 at June 30, 2001. Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001 are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$55,000	\$185,960	\$240,960
2003	60,000	183,313	243,313
2004	60,000	180,463	240,463
2005	70,000	177,308	247,308
2006	75,000	173,718	248,718
2007-2023	<u>2,925,000</u>	<u>1,785,382</u>	<u>4,710,382</u>
Total	<u>\$3,245,000</u>	<u>\$2,686,144</u>	<u>\$5,931,144</u>

**NOTE 16 - CONTRACTUAL COMMITMENTS**

As of June 30, 2001, the School District had the following contractual purchase commitments:

Project	Total Contract	Expenditures Since Inception	Outstanding at 06/30/01
Classroom Facilities	\$16,499,269	\$2,263,649	\$14,235,620

**NOTE 17 - INTERFUND ACTIVITY**

At June 30, 2001, the following interfund receivables/payables and due from/due to other funds:

Fund	Interfund Receivables	Interfund Payables
General	\$77,340	
Special Revenue - Title I		\$3,808
Enterprise - Food Service		27,458
Internal Service - Self Insurance		46,074
Totals	<u>\$77,340</u>	<u>\$77,340</u>

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 17 - INTERFUND ACTIVITY (Continued)**

Fund Type/Fund	Receivables Due From	Payables Due To
General Fund	\$0	\$132,673
Special Revenue Funds:		
DPIA	0	6,646
Title VI-R	0	288
Title VI-B	0	2,997
Title I	0	7,581
Total Special Revenue Funds	0	17,512
Enterprise Fund - Food Service	0	4,570
Internal Service Fund - Self-Insurance	154,755	0
Total Due From/Due To Other Funds	154,755	154,755
Grand Total Interfund Activity	<u>\$232,095</u>	<u>\$232,095</u>

**NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Barnesville Exempted Village School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$130,569	\$0	\$130,569
Depreciation Expense	4,823	0	4,823
Operating Loss	(181,361)	(412)	(181,773)
Donated Commodities	14,915	0	14,915
Operating Grants	120,249	0	120,249
Net Loss	(46,197)	(412)	(46,609)
Net Working Capital	(51,941)	0	(51,941)
Total Assets	20,653	0	20,653
Total Equity	(63,090)	0	(63,090)

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

*Ohio Mid-Eastern Regional Education Services Agency* - OME-RESA was created as a regional council of governments pursuant to State Statutes. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school district's elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. During fiscal year 2001, the total amount paid to the OME-RESA from the School District was \$20,601. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Debbie Angelo, Treasurer, at 2023 Sunset Boulevard, Steubenville, Ohio 43952.

*Belmont-Harrison Vocational School District* - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Belmont-Harrison Vocational School, Alexis Petrilla, who serves as Treasurer, at Fox/Shannon Place, St. Clairsville, Ohio 43950.

**NOTE 20 - PUBLIC ENTITY POOLS**

**A. Insurance Purchasing Pool**

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

**B. Claims Servicing Pool**

*Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan* - 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.

**NOTE 21 - RELATED ORGANIZATION**

*Barnesville Hutton Memorial Library* - The Barnesville Hutton Memorial 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 Barnesville Exempted Village 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 operational 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.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 21 - RELATED ORGANIZATION (Continued)**

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 Barnesville Hutton Memorial Library, Brenda G. Brown, Clerk, at East Main Street, Barnesville, Ohio 43713.

**NOTE 22 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2000	\$94,453	\$0	(\$14,871)
Current Year Set-aside Requirement	0	159,402	159,402
Current Year Offsets	0	(213,026)	(149,909)
Qualifying Disbursements	0	(67,951)	(117,215)
Reduction in Budget Stabilization Based on Statutory Revision	(52,326)	0	0
<b>Totals</b>	<b>42,127</b>	<b>(121,575)</b>	<b>(122,593)</b>
Set-aside Balance Carried Forward to Future Fiscal Years	0	0	(122,593)
Set-aside Reserve Balance as of June 30, 2001	\$42,127	\$0	\$0

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 \$42,127.

**NOTE 23 - STATE SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**NOTE 23 - STATE SCHOOL FUNDING DECISION (Continued)**

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 27, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**NOTE 24 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

**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.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	10.550	N/A	\$	\$13,186	\$	\$14,915
School Breakfast Program	10.553	045203-LL-P1/P4-00/01	17,770		17,770	
National School Lunch Program	10.555	045203-05-PU-00/01	94,447		94,447	
Total United States Department of Agriculture - Nutrition Cluster			112,217	13,186	112,217	14,915
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	84.010	045203-C1-S1-00/01	325,520		337,613	
Special Education Grants to States (IDEA Part B)	84.027	045203-6B-SF-99P/00P	88,919		121,427	
Drug Free Schools and Communities Act	84.186	045203-DR-S1-01	6,134		12,941	
Eisenhower Professional Development Grant	84.281	045203-MS-S1-01	8,243		8,243	
Innovative Education Program Strategies	84.298	045203-C2-S1-00/01	4,523		6,844	
Technology Literacy Challenge Fund	84.318	045203-TF-VM-99P	4,658		6,030	
Title VI of ESEA - Class Size Reduction	84.340	045203-CR-S1-01	59,607		34,494	
Total United States Department of Education			497,604		527,592	
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$609,821</b>	<b>\$13,186</b>	<b>\$639,809</b>	<b>\$14,915</b>

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**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 - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had no significant food commodities in inventory.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Barnesville Exempted Village School District  
Belmont County  
210 West Church Street  
Barnesville, Ohio 43713

To Members of the Board:

We have audited the general purpose financial statements of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 27, 2001. 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 general purpose 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 2001-11007-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated December 27, 2001.

**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 general purpose 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated December 27, 2001.

Barnesville Exempted Village School District  
Belmont County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page -2-

This report is intended for the information and use of the audit committee, management, 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.

**Jim Petro**  
Auditor of State

December 27, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Barnesville Exempted Village School District  
Belmont County  
210 West Church Street  
Barnesville, Ohio 43713

To Members of the Board:

**Compliance**

We have audited the compliance of the Barnesville Exempted Village 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 its major federal programs for the year ended June 30, 2001. 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2001.

**Internal Control over Compliance**

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

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

This report is intended for the information and use of the audit committee, management, 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.

**Jim Petro**  
Auditor of State

December 27, 2001

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

**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 § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I, C.F.D.A. 84.010 Title VI-B, C.F.D.A. 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>	No

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001  
(Continued)**

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

**FINDING NUMBER 2001-11007-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance.

The Lunchroom and Title I Funds had negative cash fund balances of \$135,645 and \$30,343, respectively, at December 31, 2000.

We recommend the School District follow Auditor of State Bulletin 97-003 and advance money to these funds when deficits occur, rather than waiting until year end. This would prevent overstatements of available cash and appropriations in other funds.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315 (b)  
JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-11007-001	The School District had expenditures plus encumbrances which exceeded appropriations during fiscal year 2000 in violation of Ohio Rev. Code Section 5705.41(B).	Yes	N/A

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315 (c)  
JUNE 30, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-11007-001	The School District Treasurer plans to monitor fund balances to ensure moneys from one fund are not used to pay an obligation of another fund.	June 30, 2002	Interim Treasurer





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**BARNESVILLE EXEMPTED VILLAGE 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  
FEBRUARY 5, 2002**