



**BARNESVILLE EXEMPTED VILLAGE
SCHOOL DISTRICT
BELMONT COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

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, 2000, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 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.

Our audit was performed for the purpose of forming 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 purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected 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 whole.

Jim Petro
Auditor of State

January 2, 2001

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**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,651,171	\$265,843	\$11,740	\$361,693
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments:				
Investments	0	0	0	4,109,028
Receivables:				
Property and Other Taxes	1,987,273	17,245	141,840	0
Accounts	1,274	4,690	0	0
Intergovernmental	3,721	10,814	0	0
Accrued Interest	0	0	0	1,288
Due From Other Funds	0	0	0	0
Income Tax	0	0	0	159,753
Interfund	137,437	0	0	0
Prepaid Items	5,219	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies				
Inventory	25,562	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	150,169	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund or Retirement of Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$3,961,826	\$298,592	\$153,580	\$4,631,762

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$12,875	\$0	\$92,958	\$0	\$0	\$2,396,280
0	21,245	0	0	0	21,245
0	0	0	0	0	4,109,028
0	0	0	0	0	2,146,358
0	0	0	0	0	5,964
0	0	0	0	0	14,535
0	0	0	0	0	1,288
0	144,139	0	0	0	144,139
0	0	0	0	0	159,753
0	0	0	0	0	137,437
0	0	0	0	0	5,219
7,083	0	0	0	0	7,083
962	0	0	0	0	26,524
0	0	0	0	0	150,169
18,411	0	0	9,248,273	0	9,266,684
0	0	0	0	29,707	29,707
0	0	0	0	4,131,399	4,131,399
<u>\$39,331</u>	<u>\$165,384</u>	<u>\$92,958</u>	<u>\$9,248,273</u>	<u>\$4,161,106</u>	<u>\$22,752,812</u>

(continued)

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$57,538	\$3,525	\$0	\$81,683
Contracts Payable	0	0	0	89,069
Accrued Wages and and Benefits Payable	682,841	70,589	0	0
Compensated Absences Payable	18,804	0	0	0
Interfund Payable	0	0	0	137,437
Due to Other Funds	125,195	14,835	0	0
Intergovernmental Payable	128,738	11,117	0	0
Deferred Revenue	1,841,801	14,817	123,873	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	2,854,917	114,883	123,873	308,189
Fund Equity and Other Credits:				
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	245,930	21,503	0	799,649
Reserved for Inventory	25,562	0	0	0
Reserved for Property Taxes	145,472	2,428	17,967	0
Reserved for Bus Purchases	55,716	0	0	0
Reserved for Budget Stabilization	94,453	0	0	0
Unreserved, Undesignated (Deficits)	539,776	159,778	11,740	3,523,924
Total Fund Equity (Deficits) and Other Credits	1,106,909	183,709	29,707	4,323,573
Total Liabilities, Fund Equity and Other Credits	\$3,961,826	\$298,592	\$153,580	\$4,631,762

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$698	\$0	\$1,000	\$0	\$0	\$144,444
0	0	0	0	0	89,069
20,411	0	0	0	0	773,841
17,583	0	0	0	823,785	860,172
0	0	0	0	0	137,437
4,109	0	0	0	0	144,139
8,066	0	0	0	55,321	203,242
4,945	0	0	0	0	1,985,436
0	0	40,237	0	0	40,237
0	106,825	0	0	0	106,825
0	0	0	0	15,000	15,000
0	0	0	0	3,267,000	3,267,000
<u>55,812</u>	<u>106,825</u>	<u>41,237</u>	<u>0</u>	<u>4,161,106</u>	<u>7,766,842</u>
0	0	0	9,248,273	0	9,248,273
130,987	0	0	0	0	130,987
(147,468)	58,559	0	0	0	(88,909)
0	0	0	0	0	1,067,082
0	0	0	0	0	25,562
0	0	0	0	0	165,867
0	0	0	0	0	55,716
0	0	0	0	0	94,453
0	0	51,721	0	0	4,286,939
<u>(16,481)</u>	<u>58,559</u>	<u>51,721</u>	<u>9,248,273</u>	<u>0</u>	<u>14,985,970</u>
<u>\$39,331</u>	<u>\$165,384</u>	<u>\$92,958</u>	<u>\$9,248,273</u>	<u>\$4,161,106</u>	<u>\$22,752,812</u>

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental	
	General	Special Revenue
Revenues:		
Property and Other Taxes	\$1,910,757	\$17,271
Intergovernmental	5,711,706	689,961
Interest	107,233	4,851
Tuition and Fees	16,678	0
Extracurricular Activities	0	137,192
Gifts and Donations	0	12,482
Income Tax	0	0
Miscellaneous	35,308	24,433
	<u>7,781,682</u>	<u>886,190</u>
Total Revenues		
Expenditures:		
Current:		
Instruction:		
Regular	3,590,029	104,725
Special	675,468	323,607
Vocational	244,175	0
Other	77,694	0
Support Services:		
Pupils	298,964	75,846
Instructional Staff	209,484	105,159
Board of Education	52,597	0
Administration	592,942	39,580
Fiscal	220,055	1,341
Business	307	14,762
Operation and Maintenance of Plant	632,097	0
Pupil Transportation	492,858	16,196
Central	146,754	68,897
Non-Instructional Services	0	22,724
Extracurricular Activities	126,510	86,229
Capital Outlay	47,517	0
Debt Service:		
Principal	0	0
Interest and Fiscal Charges	0	0
	<u>7,407,451</u>	<u>859,066</u>
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	<u>374,231</u>	<u>27,124</u>
Other Financing Sources (Uses):		
Proceeds from Sale of Bonds	0	0
Operating Transfers In	0	0
Operating Transfers Out	(9,600)	0
	<u>(9,600)</u>	<u>0</u>
Total Other Financing Sources (Uses)		
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>364,631</u>	<u>27,124</u>
Fund Balances at Beginning of Year	743,261	156,585
Decrease in Reserve for Inventory	(983)	0
	<u>742,278</u>	<u>156,585</u>
Fund Balances (Deficits) at End of Year	<u>\$1,106,909</u>	<u>\$183,709</u>

See accompanying notes to the general purpose financial statements.

Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$70,902	\$67,084	\$0	\$2,066,014
16,084	1,177,618	0	7,595,369
10,184	180,276	904	303,448
0	0	0	16,678
0	0	221	137,413
0	22,494	49,000	83,976
0	377,112	0	377,112
0	630	0	60,371
<u>97,170</u>	<u>1,825,214</u>	<u>50,125</u>	<u>10,640,381</u>
0	95,078	0	3,789,832
0	0	0	999,075
0	365	0	244,540
0	0	0	77,694
0	13,522	3,500	391,832
0	0	0	314,643
0	0	0	52,597
0	3,456	0	635,978
6,499	31,196	0	259,091
0	0	0	15,069
0	84,692	0	716,789
0	1,820	0	510,874
0	294,478	0	510,129
0	0	0	22,724
0	0	0	212,739
0	964,346	0	1,011,863
70,000	0	0	70,000
58,663	67,084	0	125,747
<u>135,162</u>	<u>1,556,037</u>	<u>3,500</u>	<u>9,961,216</u>
<u>(37,992)</u>	<u>269,177</u>	<u>46,625</u>	<u>679,165</u>
0	3,267,000	0	3,267,000
0	9,600	0	9,600
0	0	0	(9,600)
<u>0</u>	<u>3,276,600</u>	<u>0</u>	<u>3,267,000</u>
(37,992)	3,545,777	46,625	3,946,165
67,699	777,796	5,096	1,750,437
0	0	0	(983)
<u>\$29,707</u>	<u>\$4,323,573</u>	<u>\$51,721</u>	<u>\$5,695,619</u>

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	\$1,865,336	\$1,865,336	\$0
Intergovernmental	5,709,408	5,709,408	0
Interest	97,975	107,212	9,237
Tuition and Fees	19,677	19,761	84
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Income Tax	0	0	0
Miscellaneous	35,135	35,135	0
Total Revenues	<u>7,727,531</u>	<u>7,736,852</u>	<u>9,321</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,621,415	3,621,415	0
Special	671,532	671,532	0
Vocational	242,734	242,734	0
Other	77,695	77,695	0
Support Services:			
Pupils	311,337	311,337	0
Instructional Staff	215,734	215,734	0
Board of Education	74,987	74,989	(2)
Administration	596,503	596,502	1
Fiscal	220,364	220,363	1
Business	307	307	0
Operation and Maintenance of Plant	761,347	761,346	1
Pupil Transportation	558,496	558,496	0
Central	151,781	151,780	1
Non-Instructional Services	0	0	0
Extracurricular Activities	130,748	130,748	0
Capital Outlay	37,227	37,227	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>7,672,207</u>	<u>7,672,205</u>	<u>2</u>
Excess of Revenues Under Expenditures	<u>55,324</u>	<u>64,647</u>	<u>9,323</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Long-Term Notes	0	0	0
Advances In	120,554	120,554	0
Advances Out	(137,437)	(137,437)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(41,641)	(9,600)	32,041
Total Other Financing Sources (Uses)	<u>(58,524)</u>	<u>(26,483)</u>	<u>32,041</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,200)</u>	<u>38,164</u>	<u>41,364</u>
Fund Balances at Beginning of Year	1,239,524	1,239,524	0
Prior Year Encumbrances Appropriated	<u>220,637</u>	<u>220,637</u>	<u>0</u>
Fund Balances (Deficits) at End of Year	<u>\$1,456,961</u>	<u>\$1,498,325</u>	<u>\$41,364</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$14,843	\$14,843	\$0	\$121,385	\$121,385	\$0
679,147	679,147	0	16,084	16,084	0
4,347	4,851	504	10,121	10,184	63
0	0	0	0	0	0
137,192	137,192	0	0	0	0
7,482	12,482	5,000	0	0	0
0	0	0	0	0	0
21,517	21,517	0	0	0	0
<u>864,528</u>	<u>870,032</u>	<u>5,504</u>	<u>147,590</u>	<u>147,653</u>	<u>63</u>
99,393	99,393	0	0	0	0
331,360	331,358	2	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
79,512	79,512	0	0	0	0
104,486	104,486	0	0	0	0
0	0	0	0	0	0
39,529	39,530	(1)	0	0	0
1,337	1,337	0	6,499	6,499	0
14,762	14,762	0	0	0	0
0	0	0	0	0	0
16,196	16,196	0	0	0	0
69,641	69,642	(1)	0	0	0
23,387	23,387	0	0	0	0
108,514	108,515	(1)	0	0	0
0	0	0	0	0	0
0	0	0	3,337,000	3,337,000	0
0	0	0	125,747	125,747	0
<u>888,117</u>	<u>888,118</u>	<u>(1)</u>	<u>3,469,246</u>	<u>3,469,246</u>	<u>0</u>
<u>(23,589)</u>	<u>(18,086)</u>	<u>5,503</u>	<u>(3,321,656)</u>	<u>(3,321,593)</u>	<u>63</u>
0	0	0	3,267,000	3,267,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,267,000</u>	<u>3,267,000</u>	<u>0</u>
(23,589)	(18,086)	5,503	(54,656)	(54,593)	63
201,485	201,485	0	66,333	66,333	0
57,419	57,419	0	0	0	0
<u>\$235,315</u>	<u>\$240,818</u>	<u>\$5,503</u>	<u>\$11,677</u>	<u>\$11,740</u>	<u>\$63</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 FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	\$0	\$0	\$0
Intergovernmental	1,099,468	1,177,618	78,150
Interest	157,574	180,315	22,741
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	22,102	22,494	392
Income Tax	372,212	372,212	0
Miscellaneous	630	630	0
	<u>1,651,986</u>	<u>1,753,269</u>	<u>101,283</u>
Total Revenues			
Expenditures:			
Current:			
Instruction:			
Regular	98,676	98,676	0
Special	0	0	0
Vocational	365	365	0
Other	0	0	0
Support Services:			
Pupils	23,246	23,246	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	3,456	3,456	0
Fiscal	27,252	27,252	0
Business	0	0	0
Operation and Maintenance of Plant	102,581	102,581	0
Pupil Transportation	16,960	16,960	0
Central	216,612	294,762	(78,150)
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	1,731,303	1,731,303	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
	<u>2,220,451</u>	<u>2,298,601</u>	<u>(78,150)</u>
Total Expenditures			
Excess of Revenues Under Expenditures	<u>(568,465)</u>	<u>(545,332)</u>	<u>23,133</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Long-Term Notes	3,267,000	3,267,000	0
Advances In	137,437	137,437	0
Advances Out	0	(85,000)	(85,000)
Operating Transfers In	9,600	9,600	0
Operating Transfers Out	0	0	0
	<u>3,414,037</u>	<u>3,329,037</u>	<u>(85,000)</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>2,845,572</u>	<u>2,783,705</u>	<u>(61,867)</u>
Fund Balances at Beginning of Year	344,776	344,776	0
Prior Year Encumbrances Appropriated	391,201	391,201	0
	<u>391,201</u>	<u>391,201</u>	<u>0</u>
Fund Balances (Deficits) at End of Year	<u>\$3,581,549</u>	<u>\$3,519,682</u>	<u>(\$61,867)</u>

See accompanying notes to the general purpose financial statements.

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,001,564	\$2,001,564	\$0
0	0	0	7,504,107	7,582,257	78,150
620	904	284	270,637	303,466	32,829
0	0	0	19,677	19,761	84
221	221	0	137,413	137,413	0
49,000	49,000	0	78,584	83,976	5,392
0	0	0	372,212	372,212	0
0	0	0	57,282	57,282	0
<u>49,841</u>	<u>50,125</u>	<u>284</u>	<u>10,441,476</u>	<u>10,557,931</u>	<u>116,455</u>
0	0	0	3,819,484	3,819,484	0
0	0	0	1,002,892	1,002,890	2
0	0	0	243,099	243,099	0
0	0	0	77,695	77,695	0
15,250	15,250	0	429,345	429,345	0
0	0	0	320,220	320,220	0
0	0	0	74,987	74,989	(2)
0	0	0	639,488	639,488	0
0	0	0	255,452	255,451	1
0	0	0	15,069	15,069	0
0	0	0	863,928	863,927	1
0	0	0	591,652	591,652	0
0	0	0	438,034	516,184	(78,150)
0	0	0	23,387	23,387	0
0	0	0	239,262	239,263	(1)
0	0	0	1,768,530	1,768,530	0
0	0	0	3,337,000	3,337,000	0
0	0	0	125,747	125,747	0
<u>15,250</u>	<u>15,250</u>	<u>0</u>	<u>14,265,271</u>	<u>14,343,420</u>	<u>(78,149)</u>
<u>34,591</u>	<u>34,875</u>	<u>284</u>	<u>(3,823,795)</u>	<u>(3,785,489)</u>	<u>38,306</u>
0	0	0	3,267,000	3,267,000	0
0	0	0	3,267,000	3,267,000	0
0	0	0	257,991	257,991	0
0	0	0	(137,437)	(222,437)	(85,000)
0	0	0	9,600	9,600	0
0	0	0	(41,641)	(9,600)	32,041
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,622,513</u>	<u>6,569,554</u>	<u>(52,959)</u>
34,591	34,875	284	2,798,718	2,784,065	(14,653)
1,345	1,345	0	1,853,463	1,853,463	0
<u>3,750</u>	<u>3,750</u>	<u>0</u>	<u>673,007</u>	<u>673,007</u>	<u>0</u>
<u>\$39,686</u>	<u>\$39,970</u>	<u>\$284</u>	<u>\$5,325,188</u>	<u>\$5,310,535</u>	<u>(\$14,653)</u>

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**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, 2000**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues:			
Sales	\$112,534	\$0	\$112,534
Charges for Services	0	583,759	583,759
Other Revenues	29,087	10,676	39,763
Total Operating Revenues	<u>141,621</u>	<u>594,435</u>	<u>736,056</u>
Operating Expenses:			
Salaries	92,594	0	92,594
Fringe Benefits	56,982	30,417	87,399
Purchased Services	1,044	0	1,044
Materials and Supplies	26,636	0	26,636
Cost of Sales	135,584	0	135,584
Depreciation	4,823	0	4,823
Claims	0	600,808	600,808
Other	550	0	550
Total Operating Expenses	<u>318,213</u>	<u>631,225</u>	<u>949,438</u>
Operating Income (Loss)	<u>(176,592)</u>	<u>(36,790)</u>	<u>(213,382)</u>
Non-Operating Revenues:			
Federal Donated Commodities	17,320	0	17,320
Interest	738	1,936	2,674
Operating Grants	124,471	0	124,471
Total Non-Operating Revenues	<u>142,529</u>	<u>1,936</u>	<u>144,465</u>
Net Income (Loss)	<u>(34,063)</u>	<u>(34,854)</u>	<u>(68,917)</u>
Retained Earnings (Deficit) at Beginning of Year	<u>(113,405)</u>	<u>93,413</u>	<u>(19,992)</u>
Retained Earnings (Deficit) at End of Year	<u>(147,468)</u>	<u>58,559</u>	<u>(88,909)</u>
Contributed Capital Beginning of Year	<u>130,987</u>	<u>0</u>	<u>130,987</u>
Contributed Capital at End of Year	<u>130,987</u>	<u>0</u>	<u>130,987</u>
Fund Equity at End of Year	<u>(\$16,481)</u>	<u>\$58,559</u>	<u>\$42,078</u>

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, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$112,534	\$112,534	\$0
Charges for Services	0	0	0
Operating Grants	163,889	163,889	0
Interest	671	738	67
Other Revenues	29,115	29,115	0
Total Revenues	<u>306,209</u>	<u>306,276</u>	<u>67</u>
Expenses:			
Salaries	90,368	90,368	0
Fringe Benefits	56,595	56,595	0
Purchased Services	1,742	1,742	0
Materials and Supplies	140,637	140,637	0
Capital Outlay	19,388	19,388	0
Other	550	550	0
Total Expenses	<u>309,280</u>	<u>309,280</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(3,071)	(3,004)	67
Advances Out	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses and Advances	(3,071)	(3,004)	67
Fund Equity at Beginning of Year	14,846	14,846	0
Prior Year Encumbrances Appropriated	<u>335</u>	<u>335</u>	<u>0</u>
Fund Equity (Deficit) at End of Year	<u>\$12,110</u>	<u>\$12,177</u>	<u>\$67</u>

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	\$112,534	\$112,534	\$0
563,727	568,159	4,432	563,727	568,159	4,432
0	0	0	163,889	163,889	0
1,910	1,937	27	2,581	2,675	94
70,631	10,676	(59,955)	99,746	39,791	(59,955)
<u>636,268</u>	<u>580,772</u>	<u>(55,496)</u>	<u>942,477</u>	<u>887,048</u>	<u>(55,429)</u>
0	0	0	90,368	90,368	0
30,101	30,417	(316)	86,696	87,012	(316)
549,289	544,128	5,161	551,031	545,870	5,161
0	0	0	140,637	140,637	0
0	0	0	19,388	19,388	0
0	0	0	550	550	0
<u>579,390</u>	<u>574,545</u>	<u>4,845</u>	<u>888,670</u>	<u>883,825</u>	<u>4,845</u>
56,878	6,227	(50,651)	53,807	3,223	(50,584)
0	(35,554)	35,554	0	(35,554)	35,554
56,878	(29,327)	(86,205)	53,807	(32,331)	(86,138)
50,574	50,574	0	65,420	65,420	0
0	0	0	335	335	0
<u>\$107,452</u>	<u>\$21,247</u>	<u>(\$86,205)</u>	<u>\$119,562</u>	<u>\$33,424</u>	<u>(\$86,138)</u>

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$112,829	\$0	\$112,829
Cash Received from Quasi-External Transactions with Other Funds	0	568,160	568,160
Cash Payments to Suppliers for Goods and Services	(145,863)	(30,417)	(176,280)
Cash Payments for Employee Services	(90,368)	0	(90,368)
Cash Payments for Employee Benefits	(56,595)	0	(56,595)
Cash Payments for Claims	0	(544,127)	(544,127)
Other Operating Revenues	28,820	10,676	39,496
Other Operating Expenses	(550)	0	(550)
Net Cash Used for Operating Activities	<u>(151,727)</u>	<u>4,292</u>	<u>(147,435)</u>
Cash Flows from Noncapital Financing Activities:			
Advances Out	0	(35,554)	(35,554)
Operating Grants Received	163,889	0	163,889
Net Cash Provided by Noncapital Financing Activities	<u>163,889</u>	<u>(35,554)</u>	<u>128,335</u>
Cash Flows from Investing Activities:			
Interest on Investments	738	1,937	2,675
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(15,206)	0	(15,206)
Net Decrease in Cash and Cash Equivalents	(2,306)	(29,325)	(31,631)
Cash and Cash Equivalents at Beginning of Year	<u>15,181</u>	<u>50,570</u>	<u>65,751</u>
Cash and Cash Equivalents at End of Year	<u>\$12,875</u>	<u>\$21,245</u>	<u>\$34,120</u>

(continued)

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Loss	<u>(\$176,592)</u>	<u>(\$36,789)</u>	<u>(\$213,381)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	4,823	0	4,823
Donated Commodities Used During the Year	17,320	0	17,320
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	28	0	28
Decrease in Inventory Held for Resale	1,426	0	1,426
Increase in Materials and Supplies Inventory	(16)	0	(16)
Increase Due from Other Funds	0	(15,599)	(15,599)
Increase in Accounts Payable	373	0	373
Increase in Accrued Wages and Benefits Payable	1,135	0	1,135
Increase in Compensated Absences Payable	1,327	0	1,327
Decrease in Intergovernmental Payable	(621)	0	(621)
Decrease in Deferred Revenue	(1,702)	0	(1,702)
Increase in Due to Other Funds	772	0	772
Increase in Claims Payable	<u>0</u>	<u>56,680</u>	<u>56,680</u>
Total Adjustments	<u>24,865</u>	<u>41,081</u>	<u>65,946</u>
Net Cash Used for Operating Activities	<u>(\$151,727)</u>	<u>\$4,292</u>	<u>(\$147,435)</u>

See accompanying notes to the general purpose financial statements.

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**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 51 non-certificated employees, 102 certificated full time teaching personnel and 7 administrative employees to provide services to approximately 1,400 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 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.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

The School District is associated with five organizations which are defined as jointly governed organizations, 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, and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 18, 19, and 20 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.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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.

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 generally included on the balance sheet. 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.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer-assessed income taxes, investment earnings, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following fiscal year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 the general fund and at the fund, special cost center level for all other 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 2000. At year-end, the school district requested and received an Amended Certificate of Estimated Resources that reflected actual revenue for the fiscal year.

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 the general fund and at the fund, special cost center level for all other funds, which is the legal level of budgetary control. 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 the general fund appropriation or alter the special cost center within other funds, must be approved by the Board of

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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.

During fiscal year 2000, 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 2000 amounted to \$107,233. The general fund interest amount included \$7,980 assigned from other School District funds.

The School District has a segregated bank account for monies held by the School District's third

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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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, 2000, 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

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useful life of five to twenty years. The School District does not have any enterprise fund infrastructure.

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 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement
- Equity Funds
- Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

- Auxiliary Services
- Professional Development
- Education Management Information Systems
- SchoolNet Grants
- Disadvantaged Pupil Impact Aid
- Data Communications Support Fund
- Textbook Subsidy
- Eisenhower Mathematics and Science Education
- Title VI-B

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- Title I
- Title VI
- Title VI-R - Class Size Reduction
- Telecommunications (E-Rate)
- Drug-Free Schools
- Tech Literacy Challenge (Virtual Middle School) Grant
- Library Services and Technology Grant (Library Grant)
- Capital Projects*
 - School Net
 - Emergency School Building Repair
 - Classroom Facilities
 - Tech Equity
- Reimbursable Grants*
 - General Fund*
 - Driver Education
 - Vocational Education Travel
 - Vocational Education Equipment
 - Proprietary Funds*
 - National School Lunch Program
 - National School Breakfast Program
 - Government Donated Commodities

Grants and entitlements amounted to approximately 66.7 percent of the School District's operating revenue during the 2000 fiscal year.

J. 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.

K. Compensated Absences

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

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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.

L. 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, claims and judgements, compensated absences, pension obligations, and special termination benefits 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. Bonds, capital leases, and long-term loans 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.

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.

M. 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.

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All other interfund transfers are reported as operating transfers.

N. 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.

O. 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, 2000, the School District had contributed capital of \$130,987.

P. 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.

Q. 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.

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NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2000, the Local Professional Development, DPIA, and Title I Special Revenue Funds; SchoolNet and ADA Grant Capital Projects Funds; and the Food Service Enterprise Fund have deficit fund balances of \$7, \$22,717, \$44,925, \$50,698, \$86,739 and \$147,468, respectively, which were created by the application of generally accepted accounting principles.

B. Compliance

Throughout the year, the School District had expenditures and encumbrances which exceeded appropriations at the legal level of control, contrary to Ohio Revised Code Section 5705.41 (B).

NOTE 4 - 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 Fund Types and Expendable Trust Funds 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).
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).

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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 Fund Types and Expendable Trust Funds

	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust
GAAP Basis	\$364,631	\$27,124	\$3,545,777	(\$37,992)	\$46,625
Revenue Accruals	(44,830)	(16,158)	(71,945)	50,483	0
Bond Proceeds	0	0	(3,267,000)	3,267,000	0
Note Proceeds	0	0	3,267,000	0	0
Debt Principal	0	0	0	(3,267,000)	0
Debt Interest	0	0	67,084	(67,084)	0
Advance-In	120,554	0	137,437	0	0
Advance-Out	(137,437)	0	(85,000)	0	0
Expenditure Accruals	38,171	(4,028)	141,390	0	1,000
Encumbrances Outstanding At Year End	(302,925)	(25,024)	(951,038)	0	(12,750)
Budget Basis	<u>\$38,164</u>	<u>(\$18,086)</u>	<u>\$2,783,705</u>	<u>(\$54,593)</u>	<u>\$34,875</u>

Net Income(Loss)/Excess of Revenues Over (Under) Expenses and Advances
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$34,063)	(\$34,854)
Revenue Accruals	22,126	(15,599)
Expense Accruals	4,808	56,680
Depreciation Expense	4,823	0

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Advance-In	0	0
Advance-Out	0	(35,554)
Encumbrances Outstanding At Year End (Budget Basis)	(698)	0
Budget Basis	(\$3,004)	(\$29,327)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 invested in the following obligations provided they mature or are redeemable within two years from the date of purchase:

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;

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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 (STAR Ohio);
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.

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 \$2,546,449 and the bank balance was \$2,676,383. Of the bank balance, \$100,000 was covered by federal

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depository insurance and \$2,576,383 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	\$4,109,028	\$4,109,028	\$4,109,028
Totals			\$4,109,028	\$4,109,028

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 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:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,567,694	\$4,109,028
Deposits with Fiscal Agent	(21,245)	
Total GASB Statement 3	\$2,546,449	\$4,109,028

At June 30, 2000, the School District's internal service fund had a balance of \$21,245 with OME-RESA, a jointly governed organization (See Note 18). The money is 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.

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NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar fiscal year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later 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, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$145,472 in the General Fund, \$2,428 in the Classroom Facilities Maintenance Special Revenue Fund, and \$17,967 in the Bond Retirement Fund. The amount available as an advance at June 30, 1999, was \$100,051 in the General Fund and \$1,366 in the Bond Retirement Fund.

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The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$52,702,140	81.12%	\$54,256,070	82.79%
Public Utility	7,109,900	10.95	6,637,900	10.13
Tangible Personal Property	5,152,600	7.93	4,641,880	7.08
Total Assessed Value	\$64,964,640	100.00%	\$65,535,850	100.00%
Tax rate per \$1,000 of assessed valuation	\$42.80		\$46.60	

NOTE 7 - 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.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), interfund, interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund	
Miscellaneous Sources	\$ 3,721
Special Revenue Fund	
Title VI-B	10,814
Total	\$14,535

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NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$146,712
Less Accumulated Depreciation	<u>(128,301)</u>
Net Fixed Assets	<u><u>\$18,411</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 06/30/99	Additions	Deletions	Balance at 06/30/00
Land and Improvements	\$85,674	\$109,500	\$0	\$195,174
Buildings and Improvements	5,310,244	0	0	5,310,244
Furniture, Fixtures and Equipment	2,074,780	238,309	22,105	2,290,984
Vehicles	633,471	13,949	87,280	560,140
Textbooks and Library Books	482,403	0	0	482,403
Construction in Progress	<u>0</u>	<u>409,328</u>	<u> </u>	<u>409,328</u>
Totals	<u><u>\$8,586,572</u></u>	<u><u>\$771,086</u></u>	<u><u>\$109,385</u></u>	<u><u>\$9,248,273</u></u>

NOTE 10 - 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 2000, 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

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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 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Grating Program (the Plan), an insurance purchasing pool (Note 19). 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.

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 \$106,825 reported in the internal service fund at June 30, 2000, 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 1999 and fiscal year 2000:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$75,985	\$489,682	\$515,522	\$50,145
2000	\$50,145	\$600,808	\$544,128	\$106,825

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 11 - 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 1999, 7.7 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, 2000, 1999, and 1998 were \$44,975, \$77,079, and \$101,798, respectively; 36.74 percent has been contributed for fiscal year 2000 and 100 percent for fiscal year 1999 and 1998. \$28,453 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

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; 6.0 percent was the portion used to fund pension obligations. 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, 2000, 1999, and 1998 were \$249,737, \$202,475, and \$456,575, respectively; 83.72 percent has been contributed for fiscal year 2000 and 100 percent for fiscal year 1999 and 1998.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

\$40,651 representing the unpaid contribution for fiscal year 2000, 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, 2000, three members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - 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, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$332,983 for fiscal year 2000.

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

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

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$82,229.

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, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including surcharge, equaled \$82,229 during the 2000 fiscal year.

NOTE 13 - 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.

C. Early Retirement Incentive

It has been agreed between the Barnesville Exempted Village School District Board of Education and the Barnesville Education Association that the Barnesville Exempted Village School District

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Board of Education will provide a one-time retirement incentive payment in the amount of \$15,000 to any bargaining unit members eligible to and who actually do retire prior to June 30, 2001. Such payment shall be made within forty-five (45) days of receipt of the first retirement check of the bargaining unit member with a copy of the check being provided to the Treasurer. During fiscal year 2000, the School District incurred \$45,000 in Early Retirement Incentives. \$30,000 was paid during fiscal year 2000 and the remaining \$15,000 will be paid during fiscal year 2001.

It has been agreed between the Barnesville Exempted Village School District Board of Education and the Barnesville Association of Classified Employees, that the Board of Education will provide a retirement incentive of ten percent (10%) of the classified employee's base salary for the final year of employment. No classified employees retired during fiscal year 2000.

NOTE 14 - SHORT-TERM OBLIGATIONS

During fiscal year 2000, the School District issued and retired \$3,267,000 in bond anticipation notes.

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deduction s	Principal Outstanding 6/30/00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
School Facilities Bonds 2000 Variable	\$0	\$3,267,000	\$0	\$3,267,000
School Improvement Bond 1978 6.00%	\$70,000	\$0	\$70,000	\$0
Total Long-Term Debt	<u>70,000</u>	<u>3,267,000</u>	<u>70,000</u>	<u>3,267,000</u>
Compensated Absences	787,849	35,936	0	823,785
Retirement Incentive	0	15,000	0	15,000
Long-Term Pension Obligation	<u>53,774</u>	<u>55,321</u>	<u>53,774</u>	<u>55,321</u>
Total General Long-Term Obligations	<u>\$911,623</u>	<u>\$3,373,257</u>	<u>\$123,774</u>	<u>\$4,161,106</u>

Barnesville Elementary School Addition General Obligation Bonds

On April 1, 1977, Barnesville Exempted Village School District issued \$1,580,000 in voted general obligation bonds for the purpose of an addition and improvement to the elementary school building. The bonds were issued for a twenty two year period with final maturity at December 1, 1999.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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, 2022. 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

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.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

The School District's voted legal debt margin was \$5,776,818 with an unvoted debt margin of \$64,965 at June 30, 2000.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2000 are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$22,000	\$187,671	\$209,671
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
2006-2023	3,000,000	1,959,100	4,959,100
Total	<u>\$3,267,000</u>	<u>\$2,873,815</u>	<u>\$6,140,815</u>

NOTE 16 - INTERFUND ACTIVITY

At June 30, 2000, the following are interfund receivables/payables and due from/due to other funds that resulted from various interfund transactions:

Fund Type/Fund	Receivables Interfund	Payables Interfund
General Fund	\$137,437	\$0
Capital Projects Funds:		
Schoolnet	0	50,698
ADA	0	86,739
Total Capital Projects Funds	0	137,437
Total Interfund	<u>137,437</u>	<u>137,437</u>

Fund Type/Fund	Receivables Due From	Payables Due To
General Fund	\$0	\$125,195

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Special Revenue Funds:		
DPIA	0	5,520
Title VI-R	0	259
Title VI-B	0	2,760
Title I	0	6,296
Total Special Revenue Funds	0	14,835
Enterprise Fund:		
Food Service	0	4,109
Internal Service Fund:		
Self-Insurance Fund	144,139	0
Total Interfund	144,139	144,139
Grand Total	\$281,576	\$281,576

NOTE 17 - 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, 2000.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$141,326	\$295	\$141,621
Operating Expenses less Depreciation	313,390	0	313,390
Depreciation Expense	4,823	0	4,823
Operating Income (Loss)	(176,887)	295	(176,592)
Donated Commodities	17,320	0	17,320
Operating Grants	124,471	0	124,471
Interest	738	0	738
Net Income (Loss)	(34,358)	295	(34,063)

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Fixed Asset Additions	15,206	0	15,206
Net Working Capital	(35,304)	412	(34,892)
Total Assets	38,919	412	39,331
Total Equity	(16,893)	412	(16,481)
Encumbrances Outstanding at June 30, 2000	\$698	\$0	\$698

NOTE 18 - 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, Coschocton, 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. 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, Debra Angelo, Treasurer, at 2023 Sunset Boulevard, Steubenville, Ohio 43952.

Belmont-Harrison Vocational School - The Belmont-Harrison Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 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 19 - 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.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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 20 - 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. 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 21 - 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 School District is also required to set aside money for budget stabilization.

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.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Budget Stabilization Reserve	Textbooks/ Instructional Materials Reserve	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 1999	\$94,453	\$0	\$0
Current Year Set-aside Requirement	0	\$160,531	\$160,531
Current Year Offsets	0	0	0
Qualifying Disbursements	0	175,402	721,463
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$94,453</u>	<u>(14,871)</u>	<u>(560,932)</u>
Set-aside Reserve Balance as of June 30, 2000	\$94,453	\$0	\$0

The School District had qualifying disbursements during the fiscal year that reduced the textbook and/or capital improvements set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$94,453.

NOTE 22 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,374,224 of school foundation support for its General Fund.

In addition, the Court declared the classroom facilities program unconstitutional because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided grant money for a building/renovation project. As of June 30, 2000, the School District had received a total of \$1,042,000 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme court

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

rendered an opinion on this issue. The Court concluded, “the mandate of the [Ohio] Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision. However, it found seven “...major areas warrant further attention, study, and development by the General Assembly...”, including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

NOTE 23 - CONTINGENCIES

A. Grants

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

B. Litigation

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 YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Entity Number	Receipts	Noncash Receipts	Expenditures	Noncash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed-through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	10.550	NA	\$	\$15,618	\$	\$17,320
School Breakfast Program	10.553	045203-05-PU-00-99/00	25,204		25,204	
National School Lunch Program	10.555	045203-03/04-PU-00-99/00	127,535		127,535	
Total United States Department of Agriculture/Child Nutrition Cluster			152,739	15,618	152,739	17,320
NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES						
<i>Passed-through State Library of Ohio:</i>						
Library Services and Technology Act Grant	45.310	II 3-E-2-98			15,000	
Total National Foundation on the Arts and Humanities			0		15,000	
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed-through the Ohio Department of Education:</i>						
Title I, Grants to Local Education Agencies	84.010	045203-C1-S1-99/00	305,368		334,028	
Title VI-B, Special Education - Grants to States	84.027	045203-6B-SF-99P/00P	97,300		89,374	
Drug Free Schools Grant	84.186	045203-DR-S1-99/00	6,495		7,358	
Eisenhower Professional Development State Grant	84.281	045203-MS-S1-99/00	8,472		8,472	
Innovative Education Program Strategies	84.298	045203-C2-S1-99/00	7,504		6,070	
Technology Literacy Challenge Fund Grant	84.318	045203-TF-VM-00	27,000		25,628	
Title VI-R of the ESEA, Class Size Reduction Grant	84.340	045203-CR-S1-00	33,049		23,645	
Total United States Department of Education			485,188		494,575	
Total Federal Awards Receipts and Expenditures			<u>\$637,927</u>	<u>\$15,618</u>	<u>\$662,314</u>	<u>\$17,320</u>

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

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, 2000, the School District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 740-594-2110

**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, 2000, and have issued our report thereon dated January 2, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-11007-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated January 2, 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 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 management of the School District in a separate letter dated January 2, 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, the 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

January 2, 2001



**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, 2000. 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

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

Internal Control over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal controls 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, the 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

January 2, 2001

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I - CFDA #84.010 Nutrition Cluster - CFDA #10.550, 10.553, 10.555
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000
(Continued)**

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

FINDING NUMBER 2000-11007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

The following funds had expenditures plus encumbrances which exceeded appropriations at December 31, 1999, and January 31, 2000, at the fund, special cost center, the School District's legal level of control:

<u>Fund/Special Cost Center</u>	<u>December 31, 1999</u>	<u>January 31, 2000</u>
<u>Special Revenue Funds</u>		
Rotary Fund		
9000	\$14,784	\$ 23,034
Public School Support Fund		
9050	20,933	21,837
Athletic Fund		
9500	42,067	44,596
Disadvantaged Pupil Impact Aid Fund		
0000	64,794	74,592
Title VI-B Fund		
9000	24,727	28,851
9990	27,327	27,327
Title I Fund		
9000	117,315	142,307
9990	60,995	60,955
 <u>Capital Projects Funds</u>		
Permanent Improvement Fund		
0000	297,376	300,770
Building Project Fund		
900L	1,230,451	1,230,451
 <u>Enterprise Fund</u>		
Food Service Fund		
0000	272,126	284,001
 <u>Internal Service Fund</u>		
Self-Funded Insurance		
0000	284,536	304,772

We recommend the School District develop internal control procedures to review budget versus actual statements to ensure that expenditures and encumbrances do not exceed appropriations.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

None

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
JUNE 30, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-11007-001	The School District will implement internal control procedures to ensure expenditures and encumbrances do not exceed appropriations.	June 30, 2001	Janet Hissrich, Treasurer

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2000**

<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>
1999-11007-001	Tally sheets used by the School District to support lunchroom receipts did not distinguish between the different dollar amounts of ala carte items sold, nor did the tally sheets contain totals of items sold.	Yes	The Board of Education approved the purchase of the Lunchbox School Cafeteria System on August 6, 1999, from the Kyrus Corporation, Kingsport Tennessee. This system was implemented during fiscal year 2000.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 08, 2001**