



**Auditor of State  
Betty Montgomery**



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report .....	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups.....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental and Similar Fiduciary Fund Types .....	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) - All Governmental and Similar Fiduciary Fund Types .....	9
Combined Statement of Revenues, Expenses, and Changes in Fund Equity – All Proprietary Fund Types .....	12
Combined Statement of Revenues, Expenses, and Changes in Fund Equity – Budget and Actual (Budget Basis) – All Proprietary Fund Types.....	14
Combined Statement of Cash Flows – All Proprietary Fund Types .....	15
Notes to the General Purpose Financial Statements .....	17
Schedule of Federal Awards Receipts and Expenditures .....	45
Notes to the Schedule of Federal Awards Receipts and Expenditures.....	46
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	47
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	49
Schedule of Findings - <i>OMB Circular A-133, § .505</i> .....	51
Schedule of Prior Audit Findings - <i>OMB Circular A-133, § .315 (b)</i> .....	54
Schedule of Corrective Action - <i>OMB Circular A-133, § .315 (c)</i> .....	56

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

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, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Barnesville Exempted Village School District, Belmont County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Self Insurance Fund has been under funded in prior years. This under funding indicates other funds have not been charged sufficient amounts to pay for the Self Insurance Fund's services. As described more fully in Note 11 to the general purpose financial statements, the General Fund, the Classroom Maintenance Fund, Special Revenue Fund type, and the Permanent Improvement Fund, Capital Projects Fund type, have advanced monies to the Self Insurance Fund at year end to allow the Self Insurance Fund to maintain a positive cash fund balance at year end.

The accompanying general purpose statements have been prepared assuming that the School District will continue as a going concern. As discussed in Note 4, the School District accumulated a \$980,758 General Fund deficit, a \$2,453 DPIA Fund, Special Revenue Fund type deficit, and a \$427,078 Self Insurance Fund, Internal Service Fund type, deficit at June 30, 2003. As discussed in Note 24, the Auditor of State has declared the School District to be in fiscal emergency. The aforementioned deficits raise substantial doubt about the School District's ability to continue as a going concern. Management's plans in regards to these matters are described in Note 25. The general purpose financial statements do not include any adjustments that may result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2004 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.

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

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

**Betty Montgomery**  
Auditor of State

February 18, 2004

**This page intentionally left blank.**

Barnesville Exempted Village School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$206,921	\$351,964	\$180,164	\$535,528
Receivables:				
Property and Other Taxes	2,434,286	43,666	321,468	0
Accounts	3,937	643	0	0
Intergovernmental	0	152,973	0	0
Interfund	137,937	72,810	0	141,820
Income Tax	0	0	0	601
Materials and Supplies Inventory	13,591	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	8,372	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	1,106	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$2,806,150</b>	<b>\$622,056</b>	<b>\$501,632</b>	<b>\$677,949</b>



Proprietary Fund Type		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$4,277	\$0	\$96,293	\$0	\$0	\$1,375,147
0	0	0	0	0	2,799,420
0	0	0	0	0	4,580
24,970	0	0	0	0	177,943
0	0	0	0	0	352,567
0	0	0	0	0	601
2,264	0	0	0	0	15,855
9,672	0	0	0	0	9,672
0	0	0	0	0	8,372
0	0	0	0	0	1,106
94,852	0	0	26,735,925	0	26,830,777
0	0	0	0	196,461	196,461
0	0	0	0	3,835,807	3,835,807
<b>\$136,035</b>	<b>\$0</b>	<b>\$96,293</b>	<b>\$26,735,925</b>	<b>\$4,032,268</b>	<b>\$35,608,308</b>

(continued)

Barnesville Exempted Village School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups (Continued)  
 June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Liabilities Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$42,916	\$24,295	\$0	\$1,027
Accrued Wages and Benefits	997,281	124,596	0	0
Compensated Absences Payable	88,376	5,135	0	0
Retainage Payable	0	0	0	221
Interfund Payable	0	2,100	0	0
Intergovernmental Payable	196,991	18,902	0	0
Deferred Revenue	2,322,442	120,053	305,171	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Early Retirement Incentive Payable	138,902	1,550	0	0
Long-Term Pension Liability	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>3,786,908</b>	<b>296,631</b>	<b>305,171</b>	<b>1,248</b>
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	60,668	84,327	0	137,895
Reserved for Inventory	13,591	0	0	0
Reserved for Property Taxes	111,844	2,198	16,297	0
Reserved for Bus Purchase	1,106	0	0	0
Unreserved:				
Undesignated (Deficit)	(1,167,967)	238,900	180,164	538,806
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>(980,758)</b>	<b>325,425</b>	<b>196,461</b>	<b>676,701</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$2,806,150</b>	<b>\$622,056</b>	<b>\$501,632</b>	<b>\$677,949</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$1,242	\$0	\$0	\$0	\$0	\$69,480
28,374	0	0	0	0	1,150,251
23,498	0	0	0	818,839	935,848
0	0	0	0	0	221
0	350,467	0	0	0	352,567
3,839	0	0	0	0	219,732
0	0	0	0	0	2,747,666
0	0	58,982	0	0	58,982
0	76,611	0	0	0	76,611
1,676	0	0	0	0	142,128
7,903	0	0	0	83,429	91,332
0	0	0	0	3,130,000	3,130,000
<u>66,532</u>	<u>427,078</u>	<u>58,982</u>	<u>0</u>	<u>4,032,268</u>	<u>8,974,818</u>
0	0	0	26,735,925	0	26,735,925
130,987	0	0	0	0	130,987
(61,484)	(427,078)	0	0	0	(488,562)
0	0	1,000	0	0	283,890
0	0	0	0	0	13,591
0	0	0	0	0	130,339
0	0	0	0	0	1,106
<u>0</u>	<u>0</u>	<u>36,311</u>	<u>0</u>	<u>0</u>	<u>(173,786)</u>
<u>69,503</u>	<u>(427,078)</u>	<u>37,311</u>	<u>26,735,925</u>	<u>0</u>	<u>26,633,490</u>
<u><b>\$136,035</b></u>	<u><b>\$0</b></u>	<u><b>\$96,293</b></u>	<u><b>\$26,735,925</b></u>	<u><b>\$4,032,268</b></u>	<u><b>\$35,608,308</b></u>

Barnesville Exempted Village School District, Ohio  
 Combined Statement of Revenues, Expenditures and  
 Changes In Fund Balances  
 All Governmental and Similar Fiduciary Fund Types  
 For the Fiscal Year Ended June 30, 2003

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<i>Revenues:</i>						
Property and Other Taxes	\$1,313,833	\$23,489	\$174,102	\$0	\$0	\$1,511,424
Intergovernmental	5,987,175	895,074	35,458	298,213	0	7,215,920
Interest	31,693	5,593	3,792	29,743	844	71,665
Tuition and Fees	13,469	0	0	0	0	13,469
Extracurricular Activities	0	112,578	0	0	0	112,578
Gifts and Donations	47,964	31,029	0	0	0	78,993
Rent	4,550	0	0	0	0	4,550
Income Tax	0	0	0	531	0	531
Miscellaneous	82,577	15,671	0	50	0	98,298
<i>Total Revenues</i>	<u>7,481,261</u>	<u>1,083,434</u>	<u>213,352</u>	<u>328,537</u>	<u>844</u>	<u>9,107,428</u>
<i>Expenditures:</i>						
Current:						
Instruction:						
Regular	4,188,844	301,556	0	0	0	4,490,400
Special	990,359	420,828	0	0	0	1,411,187
Vocational	434,691	0	0	0	0	434,691
Other	14,263	0	0	0	0	14,263
Support Services:						
Pupils	428,435	56,362	0	40,923	2,000	527,720
Instructional Staff	369,519	141,495	0	0	0	511,014
Board of Education	92,794	0	0	0	0	92,794
Administration	879,485	43,083	0	0	0	922,568
Fiscal	311,367	868	6,433	491	0	319,159
Business	2,477	12,125	0	8,362	0	22,964
Operation and Maintenance of Plant	1,011,249	4,671	0	0	0	1,015,920
Pupil Transportation	641,932	11,300	0	0	0	653,232
Central	269,524	3,788	0	39,386	0	312,698
Operation of Non-Instructional Services	1,181	39,441	0	0	0	40,622
Extracurricular Activities	173,368	99,956	0	0	0	273,324
Capital Outlay	34,933	13,338	0	5,288,154	0	5,336,425
Debt Service:						
Principal Retirement	0	0	60,000	0	0	60,000
Interest and Fiscal Charges	0	0	183,312	0	0	183,312
<i>Total Expenditures</i>	<u>9,844,421</u>	<u>1,148,811</u>	<u>249,745</u>	<u>5,377,316</u>	<u>2,000</u>	<u>16,622,293</u>
Excess of Revenues Under Expenditures	<u>(2,363,160)</u>	<u>(65,377)</u>	<u>(36,393)</u>	<u>(5,048,779)</u>	<u>(1,156)</u>	<u>(7,514,865)</u>
<i>Other Financing Sources (Uses):</i>						
Operating Transfers In	0	608	0	142,250	0	142,858
Operating Transfers Out	(324,189)	0	0	0	0	(324,189)
<i>Total Other Financing Sources (Uses)</i>	<u>(324,189)</u>	<u>608</u>	<u>0</u>	<u>142,250</u>	<u>0</u>	<u>(181,331)</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	<u>(2,687,349)</u>	<u>(64,769)</u>	<u>(36,393)</u>	<u>(4,906,529)</u>	<u>(1,156)</u>	<u>(7,696,196)</u>
Fund Balances at						
Beginning of Year Restated (Note 3)	1,702,411	390,194	232,854	5,583,230	38,467	7,947,156
Increase in Reserve for Inventory	4,180	0	0	0	0	4,180
<b>Fund Balances (Deficit) at End of Year</b>	<u><b>(\$980,758)</b></u>	<u><b>\$325,425</b></u>	<u><b>\$196,461</b></u>	<u><b>\$676,701</b></u>	<u><b>\$37,311</b></u>	<u><b>\$255,140</b></u>

See accompanying notes to the general purpose financial statements

Barnesville Exempted Village School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental and Similar Fiduciary Fund Types  
 For the Fiscal Year Ended June 30, 2003

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>						
Property and Other Taxes	\$2,234,151	\$2,022,314	(\$211,837)	\$37,000	\$35,971	(\$1,029)
Intergovernmental	5,999,700	5,987,175	(12,525)	1,079,069	913,642	(165,427)
Interest	50,500	34,383	(16,117)	32,145	5,593	(26,552)
Tuition and Fees	19,800	11,076	(8,724)	0	0	0
Extracurricular Activities	0	0	0	111,000	112,578	1,578
Gifts and Donations	0	47,964	47,964	51,000	31,029	(19,971)
Rent	85,000	4,550	(80,450)	0	0	0
Income Tax	0	0	0	0	0	0
Miscellaneous	72,000	83,784	11,784	500	15,028	14,528
<b>Total Revenues</b>	<b>8,461,151</b>	<b>8,191,246</b>	<b>(269,905)</b>	<b>1,310,714</b>	<b>1,113,841</b>	<b>(196,873)</b>
<i>Expenditures:</i>						
Current:						
Instruction:						
Regular	4,046,507	4,031,193	15,314	371,643	292,076	79,567
Special	999,585	972,600	26,985	462,221	410,037	52,184
Vocational	382,836	379,006	3,830	0	0	0
Other	37,989	16,309	21,680	0	0	0
Support Services:						
Pupils	421,013	418,859	2,154	97,998	67,577	30,421
Instructional Staff	356,205	355,179	1,026	158,584	139,971	18,613
Board of Education	92,058	82,430	9,628	0	0	0
Administration	870,693	810,842	59,851	44,552	42,871	1,681
Fiscal	303,993	301,984	2,009	1,450	868	582
Business	3,000	2,477	523	12,000	11,935	65
Operation and Maintenance of Plant	1,153,783	1,017,760	136,023	5,875	4,671	1,204
Pupil Transportation	690,873	639,766	51,107	2,000	1,697	303
Central	292,380	278,349	14,031	20,192	3,788	16,404
Operation of Non-Instructional Services	2,000	1,181	819	55,738	76,065	(20,327)
Extracurricular Activities	175,134	170,514	4,620	126,388	111,076	15,312
Capital Outlay	66,050	42,433	23,617	27,300	27,076	224
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>9,894,099</b>	<b>9,520,882</b>	<b>373,217</b>	<b>1,385,941</b>	<b>1,189,708</b>	<b>196,233</b>
Excess of Revenues Over (Under) Expenditures	(1,432,948)	(1,329,636)	103,312	(75,227)	(75,867)	(640)
<i>Other Financing Sources (Uses):</i>						
Operating Transfers In	350,000	0	(350,000)	2,500	608	(1,892)
Operating Transfers Out	(517,198)	(182,436)	334,762	(500)	0	500
Advances In	350,000	231,630	(118,370)	4,000	2,100	(1,900)
Advances Out	(278,190)	(137,937)	(140,253)	(35,900)	(35,538)	362
<b>Total Other Financing Sources (Uses)</b>	<b>(95,388)</b>	<b>(88,743)</b>	<b>6,645</b>	<b>(29,900)</b>	<b>(32,830)</b>	<b>(2,930)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,528,336)	(1,418,379)	109,957	(105,127)	(108,697)	(3,570)
Fund Balances at Beginning of Year	1,238,192	1,238,192	0	399,347	399,347	0
Prior Year Encumbrances Appropriated	305,672	305,672	0	39,124	39,124	0
<b>Fund Balances at End of Year</b>	<b>\$15,528</b>	<b>\$125,485</b>	<b>\$109,957</b>	<b>\$333,344</b>	<b>\$329,774</b>	<b>(\$3,570)</b>

See accompanying notes to the general purpose financial statements

(continued)

Barnesville Exempted Village School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental and Similar Fiduciary Fund Types  
 For the Fiscal Year Ended June 30, 2003 (Continued)

	Debt Service Fund			Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>						
Property and Other Taxes	\$270,000	\$266,436	(\$3,564)	\$0	\$0	\$0
Intergovernmental	55,000	35,458	(19,542)	570,000	404,353	(165,647)
Interest	5,000	3,792	(1,208)	715,000	37,801	(677,199)
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Income Tax	0	0	0	2,000	923	(1,077)
Miscellaneous	0	0	0	3,800,000	50	(3,799,950)
<i>Total Revenues</i>	<u>330,000</u>	<u>305,686</u>	<u>(24,314)</u>	<u>5,087,000</u>	<u>443,127</u>	<u>(4,643,873)</u>
<i>Expenditures:</i>						
<i>Current:</i>						
<i>Instruction:</i>						
Regular	0	0	0	39,366	0	39,366
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Other	0	0	0	0	0	0
<i>Support Services:</i>						
Pupils	0	0	0	83,452	40,923	42,529
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	53,975	0	53,975
Fiscal	6,775	6,433	342	3,095,000	491	3,094,509
Business	0	0	0	10,000	8,362	1,638
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	56,878	39,386	17,492
Operation of Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	8,458,081	6,584,189	1,873,892
<i>Debt Service:</i>						
Principal Retirement	56,750	60,000	(3,250)	0	0	0
Interest and Fiscal Charges	195,258	183,312	11,946	0	0	0
<i>Total Expenditures</i>	<u>258,783</u>	<u>249,745</u>	<u>9,038</u>	<u>11,796,752</u>	<u>6,673,351</u>	<u>5,123,401</u>
Excess of Revenues Over (Under) Expenditures	<u>71,217</u>	<u>55,941</u>	<u>(15,276)</u>	<u>(6,709,752)</u>	<u>(6,230,224)</u>	<u>479,528</u>
<i>Other Financing Sources (Uses):</i>						
Operating Transfers In	0	0	0	200,000	142,250	(57,750)
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>142,250</u>	<u>(57,750)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>71,217</u>	<u>55,941</u>	<u>(15,276)</u>	<u>(6,509,752)</u>	<u>(6,087,974)</u>	<u>421,778</u>
Fund Balances at Beginning of Year	124,221	124,221	0	1,884,055	1,884,055	0
Prior Year Encumbrances Appropriated	2	2	0	4,742,124	4,742,124	0
<b>Fund Balances at End of Year</b>	<b><u>\$195,440</u></b>	<b><u>\$180,164</u></b>	<b><u>(\$15,276)</u></b>	<b><u>\$116,427</u></b>	<b><u>\$538,205</u></b>	<b><u>\$421,778</u></b>

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,541,151	\$2,324,721	(\$216,430)
0	0	0	7,703,769	7,340,628	(363,141)
1,000	844	(156)	803,645	82,413	(721,232)
0	0	0	19,800	11,076	(8,724)
0	0	0	111,000	112,578	1,578
0	0	0	51,000	78,993	27,993
0	0	0	85,000	4,550	(80,450)
0	0	0	2,000	923	(1,077)
0	0	0	3,872,500	98,862	(3,773,638)
<u>1,000</u>	<u>844</u>	<u>(156)</u>	<u>15,189,865</u>	<u>10,054,744</u>	<u>(5,135,121)</u>
0	0	0	4,457,516	4,323,269	134,247
0	0	0	1,461,806	1,382,637	79,169
0	0	0	382,836	379,006	3,830
0	0	0	37,989	16,309	21,680
5,200	3,000	2,200	607,663	530,359	77,304
0	0	0	514,789	495,150	19,639
0	0	0	92,058	82,430	9,628
0	0	0	969,220	853,713	115,507
0	0	0	3,407,218	309,776	3,097,442
0	0	0	25,000	22,774	2,226
0	0	0	1,159,658	1,022,431	137,227
0	0	0	692,873	641,463	51,410
0	0	0	369,450	321,523	47,927
0	0	0	57,738	77,246	(19,508)
0	0	0	301,522	281,590	19,932
0	0	0	8,551,431	6,653,698	1,897,733
0	0	0	56,750	60,000	(3,250)
0	0	0	195,258	183,312	11,946
<u>5,200</u>	<u>3,000</u>	<u>2,200</u>	<u>23,340,775</u>	<u>17,636,686</u>	<u>5,704,089</u>
<u>(4,200)</u>	<u>(2,156)</u>	<u>2,044</u>	<u>(8,150,910)</u>	<u>(7,581,942)</u>	<u>568,968</u>
0	0	0	552,500	142,858	(409,642)
0	0	0	(517,698)	(182,436)	(335,262)
0	0	0	354,000	233,730	(120,270)
0	0	0	(314,090)	(173,475)	(140,615)
<u>0</u>	<u>0</u>	<u>0</u>	<u>74,712</u>	<u>20,677</u>	<u>(54,035)</u>
(4,200)	(2,156)	2,044	(8,076,198)	(7,561,265)	514,933
37,467	37,467	0	3,683,282	3,683,282	0
1,000	1,000	0	5,087,922	5,087,922	0
<u>\$34,267</u>	<u>\$36,311</u>	<u>\$2,044</u>	<u>695,006</u>	<u>1,209,939</u>	<u>514,933</u>

Barnesville Exempted Village School District, Ohio  
Statement of Revenues,  
Expenses and Changes in Fund Equity  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2003

	Enterprise	Internal Service	Totals (Memorandum Only)
<i><u>Operating Revenues:</u></i>			
Sales	\$109,431	\$0	\$109,431
Charges for Services	0	749,735	749,735
Other Revenues	30,881	91	30,972
<i>Total Operating Revenues</i>	<u>140,312</u>	<u>749,826</u>	<u>890,138</u>
<i><u>Operating Expenses:</u></i>			
Salaries and Wages	125,287	0	125,287
Fringe Benefits	81,001	0	81,001
Purchased Services	1,980	64,291	66,271
Materials and Supplies	10,675	0	10,675
Cost of Sales	114,563	0	114,563
Depreciation	7,026	0	7,026
Claims	0	896,969	896,969
Other Expenses	1,410	0	1,410
<i>Total Operating Expenses</i>	<u>341,942</u>	<u>961,260</u>	<u>1,303,202</u>
Operating Loss	<u>(201,630)</u>	<u>(211,434)</u>	<u>(413,064)</u>
<i><u>Non-Operating Revenues:</u></i>			
Federal Donated Commodities	28,522	0	28,522
Interest	49	0	49
Federal & State Subsidies	174,276	0	174,276
<i>Total Non-Operating Revenues</i>	<u>202,847</u>	<u>0</u>	<u>202,847</u>
Income (Loss) Before Operating Transfers In	1,217	(211,434)	(210,217)
Operating Transfers In	<u>181,331</u>	<u>0</u>	<u>181,331</u>
Net Income (Loss)	182,548	(211,434)	(28,886)
Retained Earnings (Deficit) at Beginning of Year - Restated (Note 3)	<u>(244,032)</u>	<u>(215,644)</u>	<u>(459,676)</u>
Retained Earnings (Deficit) at End of Year	(61,484)	(427,078)	(488,562)
Contributed Capital at Beginning and End of Year	<u>130,987</u>	<u>0</u>	<u>130,987</u>
<b>Total Fund Equity (Deficit) at End of Year</b>	<b><u><u>\$69,503</u></u></b>	<b><u><u>(\$427,078)</u></u></b>	<b><u><u>(\$357,575)</u></u></b>

See accompanying notes to the general purpose financial statement



Barnesville Exempted Village School District, Ohio  
 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, 2003

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>			
Sales	\$0	\$109,431	\$109,431
Charges for Services	0	0	0
Interest	0	49	49
Other Revenues	35,000	30,861	(4,139)
Operating Grants	168,247	167,231	(1,016)
<i>Total Revenues</i>	<i>203,247</i>	<i>307,572</i>	<i>104,325</i>
<i>Expenses:</i>			
Salaries and Wages	133,522	125,050	8,472
Fringe Benefits	76,359	76,159	200
Purchased Services	525	1,631	(1,106)
Materials and Supplies	105,129	106,492	(1,363)
Capital Outlay	47,194	47,814	(620)
Other Expenses	1,575	1,410	165
<i>Total Expenses</i>	<i>364,304</i>	<i>358,556</i>	<i>5,748</i>
Excess of Revenues Under Expenses	(161,057)	(50,984)	110,073
Operating Transfers In	40,000	39,578	(422)
Advances In	0	0	0
Advances Out	(20,450)	0	20,450
Excess of Revenues, Advances and Transfers Under Expenses and Advances Out	(141,507)	(11,406)	130,101
Fund Equity at Beginning of Year	1,220	1,220	0
Prior Year Encumbrances Appropriated	10,187	10,187	0
<b>Fund Equity (Deficit) at End of Year</b>	<b>(\$130,100)</b>	<b>\$1</b>	<b>\$130,101</b>

See accompanying notes to the general purpose financial statements

(continued)

Barnesville Exempted Village School District, Ohio  
 Combined Statement of Revenues, Expenses and Changes in  
 Fund Equity - Budget and Actual (Budget Basis)  
 All Proprietary Fund Types (Continued)  
 For the Fiscal Year Ended June 30, 2003

	Internal Service Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>						
Sales	\$0	\$0	\$0	\$0	\$109,431	\$109,431
Charges for Services	822,908	867,005	44,097	822,908	867,005	44,097
Interest	0	0	0	0	49	49
Other Revenues	0	91	91	35,000	30,952	(4,048)
Operating Grants	0	0	0	168,247	167,231	(1,016)
<i>Total Revenues</i>	<u>822,908</u>	<u>867,096</u>	<u>44,188</u>	<u>1,026,155</u>	<u>1,174,668</u>	<u>148,513</u>
<i>Expenses:</i>						
Salaries and Wages	0	0	0	133,522	125,050	8,472
Fringe Benefits	219,319	957,180	(737,861)	295,678	1,033,339	(737,661)
Purchased Services	802,269	64,291	737,978	802,794	65,922	736,872
Materials and Supplies	0	0	0	105,129	106,492	(1,363)
Capital Outlay	0	0	0	47,194	47,814	(620)
Other Expenses	0	0	0	1,575	1,410	165
<i>Total Expenses</i>	<u>1,021,588</u>	<u>1,021,471</u>	<u>117</u>	<u>1,385,892</u>	<u>1,380,027</u>	<u>5,865</u>
Excess of Revenues Under Expenses	(198,680)	(154,375)	44,305	(359,737)	(205,359)	154,378
Operating Transfers In	0	0	0	40,000	39,578	(422)
Advances In	205,000	135,837	(69,163)	205,000	135,837	(69,163)
Advances Out	(201,128)	(196,092)	5,036	(221,578)	(196,092)	25,486
Excess of Revenues, Advances and Transfers Under Expenses and Advances Out	(194,808)	(214,630)	(19,822)	(336,315)	(226,036)	110,279
Fund Equity at Beginning of Year	0	0	0	1,220	1,220	0
Prior Year Encumbrances Appropriated	0	0	0	10,187	10,187	0
<b>Fund Equity (Deficit) at End of Year</b>	<u><b>(\$194,808)</b></u>	<u><b>(\$214,630)</b></u>	<u><b>(\$19,822)</b></u>	<u><b>(\$324,908)</b></u>	<u><b>(\$214,629)</b></u>	<u><b>\$110,279</b></u>

Barnesville Exempted Village School District, Ohio  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types (Continued)  
 For the Fiscal Year Ended June 30, 2003

	Enterprise	Internal Service	Totals (Memorandum Only)
<i><u>Increase (Decrease) in Cash and Cash Equivalents:</u></i>			
<i><u>Cash Flows from Operating Activities:</u></i>			
Cash Received from Sales	\$109,431	\$0	\$109,431
Cash Received from Quasi-External Transactions with Other Funds	0	867,005	867,005
Cash Received from Other Revenues	30,881	91	30,972
Cash Payments for Other Expenses	(1,410)	0	(1,410)
Cash Payments to Suppliers for Goods and Services	(103,847)	(64,291)	(168,138)
Cash Payments for Employee Services	(125,050)	0	(125,050)
Cash Payments for Employee Benefits	(76,159)	0	(76,159)
Cash Payments for Claims	0	(957,180)	(957,180)
<i>Net Cash Used for Operating Activities</i>	<u>(166,154)</u>	<u>(154,375)</u>	<u>(320,529)</u>
<i><u>Cash Flows from Noncapital Financing Activities:</u></i>			
Operating Grants Received	167,231	0	167,231
Short Term Loans Received from Other Funds	0	214,630	214,630
Operating Transfer In	39,578	0	39,578
Advance In	0	135,837	135,837
Advance Out	0	(196,092)	(196,092)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>206,809</u>	<u>154,375</u>	<u>361,184</u>
<i><u>Cash Flows from Capital and Related Financing Activities:</u></i>			
Payments for Capital Acquisitions	(47,814)	0	(47,814)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(47,814)</u>	<u>0</u>	<u>(47,814)</u>
<i><u>Cash Flows from Investing Activities:</u></i>			
Interest	49	0	49
<i>Net Cash Provided by Investing Activities</i>	<u>49</u>	<u>0</u>	<u>49</u>
Net Increase in Cash and Cash Equivalents	(7,110)	0	(7,110)
Cash and Cash Equivalents at Beginning of Year	11,387	0	11,387
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$4,277</u>	<u>\$0</u>	<u>4,277</u>
<i><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></i>			
Operating Loss	(\$201,630)	(\$211,434)	(\$413,064)
<i><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></i>			
Depreciation	7,026	0	7,026
Donated Commodities Received During Year	28,522	0	28,522
<i><u>Changes in Assets and Liabilities:</u></i>			
Decrease in Due From Other Funds	0	117,270	117,270
Increase in Inventory Held for Resale	(3,975)	0	(3,975)
Increase in Materials and Supply Inventory	(789)	0	(789)
Decrease in Claims Payable	0	(60,211)	(60,211)
Decrease in Accounts Payable	(387)	0	(387)
Increase in Compensated Absences Payable	1,285	0	1,285
Decrease in Intergovernmental Payable	(3,061)	0	(3,061)
Increase in Pension Obligation	7,903	0	7,903
Increase in Early Retirement Incentive	1,676	0	1,676
Decrease in Due To Other Funds	(4,089)	0	(4,089)
Increase in Accrued Wages Payable	1,365	0	1,365
<i>Total Adjustments</i>	<u>35,476</u>	<u>57,059</u>	<u>92,535</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$166,154)</u></u>	<u><u>(\$154,375)</u></u>	<u><u>(\$320,529)</u></u>

*Noncash Operating Activities*

Federal Donated Commodities were recorded as revenue when received and as an expense when used.  
 See accompanying notes to the general purpose financial statements

**This page intentionally left blank.**

**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 57 non-certified employees, 105 certificated full time teaching personnel and 5 administrative employees to provide services to approximately 1,345 students and other community members.

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

The School District serves an area of approximately 126 square miles. It is located in Belmont County, including all of the Village of Barnesville, Warren Township, Somerset Township and Kirkwood Township, along with portions of Wayne Township, Flushing Township and Goshen Township. It currently operated 3 instructional buildings and 1 garage.

On December 18, 2003, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. New legislation effective April 10, 2001, permitted this declaration due to the School District's operating deficit for the current fiscal year, voters have not approved a levy that would raise enough money in the next fiscal year to eliminate the deficit, and the Auditor of State determined that a declaration of fiscal emergency is necessary to correct the School District's fiscal problems and to prevent further fiscal decline.

*Reporting Entity:*

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For 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. No separate government units meet the criteria for inclusion as a component unit.

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

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

School District, as directed by the schools. The activity of these State monies by the School District is reflected in a Special Revenue fund for financial reporting purposes.

The School District participates in five organizations, two which are defined as jointly governed organizations, two which are defined as an insurance purchasing pool and one which is defined as a related organization. These organizations are the Ohio Mid-Eastern Educational Service Agency, the Belmont-Harrison Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio Mid-Eastern Regional Educational Service Agency and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 18 through 20 to the general purpose 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 and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

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

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

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

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

#### *Governmental Fund Types:*

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

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

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

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

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

*Proprietary Fund Types:*

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 is the School District's proprietary fund type:

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

*Internal Service Funds* - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the school district on a cost reimbursement basis.

*Fiduciary Fund Types:*

Fiduciary fund types 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 and agency 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 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.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

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. The enterprise funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

*Revenue Recognition:*

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations on an accrual basis. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7)

Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements, include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in



Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations by fund cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated.

*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 amended certificate that was in effect at the time final appropriations were passed.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. 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 total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. The treasurer has authority to allocate the Board's appropriation to the function and object level.

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. During the fiscal year, several supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year, including all supplemental appropriations.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

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. Expenditures plus encumbrances may not legally exceed a appropriation. 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**

Cash balances of the School District's funds are pooled and invested in short-term investments in order to provide improved cash management. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2003, investments were limited to a Sweep Account and Prime Money Market interest bearing checking accounts. Sweep accounts and repurchase agreements are reported at cost and presented on the balance sheet as "Investments."

The School District has a segregated bank account for monies held by the School District's third party administrator, OME-RESA, for the School District's self-insurance program. This interest bearing depository account is presented in the combined balance sheet as "cash and cash equivalents with fiscal agents" since it is not required to be deposited into the School District treasury. At June 30, 2003, there was a zero balance.

Under existing Ohio Statutes, the Board of Education may, by resolution, specify the funds to receive an allocation of interest earnings. During fiscal year 2003, all investment earnings were credited to the general fund except those specifically related to certain special revenue funds, the permanent improvement and school facility capital projects fund, the debt service fund and expendable trust funds. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$31,693, which includes \$8,557 assigned from other School District funds. Interest revenue credited to the special revenue funds, the permanent improvement, school facility and shamrock recognition hall capital projects funds, the debt service fund, the expendable trust funds, and the food service enterprise fund amounted to \$5,593, \$4,095, \$25,194, \$454, \$3,792, \$844 and \$49, respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are 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. 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 for the purchase of buses.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

**F. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**G. 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 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.

**H. Prepaid Items**

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

**I. 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 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 five thousand dollars. The School District does not capitalize any infrastructure, as these assets are immovable and of value only to the School District.

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. Improvements to fund fixed assets are 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 funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**J. Interfund Assets/Liabilities**

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. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

**K. Compensated Absences**

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

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

For governmental funds, 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, compensated absences, special termination benefits and contractually required pension contributions 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. Payments made more than sixty days after year-end are considered not to have been paid with current financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due. Long-term debt and other obligations financed by proprietary fund operations are reported as liabilities in the appropriate proprietary funds.

#### **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. 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 and school bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

#### **O. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds prior to 2002 that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during this fiscal year.

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.

**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 or results of operations 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.

**NOTE 3 – RESTATEMENT OF PRIOR YEAR FUND EQUITY**

***Restatement of Fund Balances*** The fund classification was updated during fiscal year 2003 to reclassify certain scholarship funds, previously reported as an expendable trust funds, to be reported as special revenue funds. The adjustment to governmental funds is as follows.

	Special Revenue	Expendable Trust
Fund Balance at June 30, 2002	\$377,795	\$50,866
Uniform School Supplies Fund Reclassification	12,399	(12,399)
Adjusted Fund Balance at July 1, 2002	\$390,194	\$38,467

In addition, fixed assets were restated due to a re-appraisal and an increase to the capitalization threshold from \$250 to \$5,000. The restatement resulted in a decrease of \$1,499,697 in the general fixed assets account group from \$23,190,811 to \$21,691,114 and an increase of \$41,149 in the food service enterprise fund from \$12,915 to \$54,046. The restatement had the following effect on retained earnings at July 1, 2002.

	Food Service
Retained Earnings at June 30, 2002	(\$285,181)
Restated Fixed Assets	41,149
Retained Earnings at July 1, 2002	(\$244,032)

**NOTE 4 – ACCOUNTABILITY AND COMPLIANCE**

**A. Fund Deficits:**

At June 30, 2003, the following funds had deficit fund balances/retained earnings:

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

	<u>Deficit Fund Balance</u>	<u>Deficit Retained Earnings</u>
<b>General Fund:</b>	\$980,758	
<b>Special Revenue Fund:</b>		
DPIA	2,453	
<b>Internal Service Fund:</b>		
Self Insurance		\$427,078

The deficits in the General and Special Revenue funds were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficit in the Self Insurance Fund was created by premiums and claims in excess of rates. For the past three years the School District has increased rates for the self insurance premiums and the fund continues to carry a deficit balance. The School District has advanced money to cover the deficit balances as reflected on the balance sheet. The liability for these advances in the Self Insurance Fund at June 30, 2003 is \$350,467.

**B. Compliance:**

The Auxillary Services Special Revenue Fund had expenditures plus encumbrances in excess of appropriations in the amount of \$24,053 for the fiscal year ended June 30, 2003, contrary to Ohio Revised Code, 5705.41 (B). In the future, the School District will revise the appropriation resolution during the year as needed in an effort to eliminate expenditures plus encumbrances in excess of appropriations.

The following funds had appropriations in excess of estimated revenues and unencumbered balance contrary to section 5705.39, Revised Code.

Fund Type	Estimated Resources and Unencumbered Balances	Appropriations	Excess
<b><i>Special Revenue Funds:</i></b>			
Scholarship	\$20,446	\$28,350	(\$7,904)
Miscellaneous Local Fund	11,590	12,003	(413)
<b><i>Enterprise Fund:</i></b>			
Food Service	254,654	384,754	(130,100)
<b><i>Internal Service Fund:</i></b>			
Self Insurance	1,027,908	1,222,716	(194,808)

The School District will monitor estimated revenue levels in the future to ensure that appropriations are not in excess of the amount available.

At June 30, 2003, the Self Insurance Fund had a \$214,630 deficit cash fund balance, which is a violation of state statute.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
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).
6. Unrecorded cash and unrecorded interest are reported on the balance sheet and operating statements (GAAP basis), but not on the budgetary basis. The reconciled difference is reflected in the following tables as unrecorded cash.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

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 Similar Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$2,687,349)	(\$64,769)	(\$36,393)	(\$4,906,529)	(\$1,156)
Revenue Accruals	713,389	30,407	92,334	114,590	0
Expenditure Accruals	405,915	54,103	0	(1,156,892)	0
Prepaid Items	942	0	0	0	0
Material/Supply					
Inventory	(4,180)	0	0	0	0
Transfers	141,753	0	0	0	0
Advances	93,693	(33,438)	0	0	0
Unrecorded Cash	(3,404)	0	0	0	0
Encumbrances	(79,138)	(95,000)	0	(139,143)	(1,000)
Budget Basis	<u>(\$1,418,379)</u>	<u>(\$108,697)</u>	<u>\$55,941</u>	<u>(\$6,087,974)</u>	<u>(\$2,156)</u>

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

	Enterprise	Internal Service
GAAP Basis	\$182,548	(\$211,434)
Revenue Accrual	(7,065)	117,270
Expense Accrual	4,692	(60,211)
Materials and Supplies Inventory	(789)	0
Inventory Held for Resale	(3,975)	0
Additions to Fixed Assets	(47,814)	0
Depreciation Expense	7,026	0
Transfers	(141,753)	0
Advances	0	(60,255)
Encumbrances	(4,276)	0
Budget Basis	<u>(\$11,406)</u>	<u>(\$214,630)</u>



**NOTE 6 - CASH AND CASH EQUIVALENTS**

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's 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,

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

8. Under limited circumstances, corporate debt interests rated in either the two highest rating classification 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 specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualifies trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$1,329,472 and the bank balance was \$1,849,253. Of the bank balance \$100,000 was covered by federal depository insurance and \$1,749,253 was uncollateralized and uninsured.

*Investments:* The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party'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 counter party, or by its trust department or agent but not in the School District's name.

	Category 3	Carrying/Fair Value
Repurchase Agreement	\$46,781	\$46,781
Total		\$46,781

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, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Government 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 classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$1,376,253	\$0
Investments:		
Repurchase Agreements	(46,781)	46,781
GASB Statement 3	\$1,329,472	\$46,781

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

At June 30, 2003, the School District's internal service fund had no balance with OME-RESA, a jointly governed organization (See Note 19). Any money held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement No. 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 Ohio Mid Eastern Regional Education Service Agency Self-Insurance Plan, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true

value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Belmont County. The County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

The amount available as an advance, at June 30, 2003 was \$111,844 in the General Fund, \$16,297 in the Debt Service Fund and \$2,198 in the Classroom Facilities Maintenance Special Revenue Fund and is recognized as revenue. At June 30, 2002, \$820,325 was available to General fund, \$108,631 to the Debt Service Fund and \$14,680 to the Classroom Facilities Maintenance Special Revenue Fund.

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

	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$67,279,230	85.83%	\$67,954,260	85.40%
Public Utility Personal	5,931,070	7.57%	5,234,890	6.58%
Tangible Personal	5,172,790	6.60%	6,379,980	8.02%
	\$78,383,090	100.00%	\$79,569,130	100.00%
Tax Rate per \$1,000 of assessed valuation		\$46.10		\$46.10

**NOTE 8 – INCOME TAX**

The School Districts' voted tax of ½ percent for capital improvements on the income of residents and of estates was effective January 1, 1996, and continued through January 1, 2002. The State made quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue was credited to the Permanent Improvement Fund during fiscal year 2003. The levy was not renewed.

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2003, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
<b>Special Revenue Funds:</b>	
Title II D Technology	\$7,590
Title VIB	71,943
Title III	174
Title I	9,644
Title VI	5,354
Title IV	8,122
Title IIA	47,701
FEMA	2,445
Total Special Revenue Funds	<u>152,973</u>
<b>Enterprise Funds:</b>	
Food Service	24,970
Total Enterprise Funds	<u>24,970</u>
Total Intergovernmental Receivables	<u><u>\$177,943</u></u>

**NOTE 10- FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2003, follows:

Furniture and Equipment	\$194,726
Less Accumulated Depreciation	(99,874)
Net Fixed Assets	<u><u>\$94,852</u></u>

A summary of the changes in general fixed assets during fiscal year 2003 follows:

<u>Asset Category</u>	<u>Balance at 6/30/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/03</u>
Land and Improvements	\$1,045,711	\$0	\$0	\$1,045,711
Buildings and Improvements	19,594,101	4,581,310	0	24,175,411
Furniture, Fixtures and Equipment	127,917	185,198	0	313,115
Vehicles	775,082	112,028	0	887,110
Textbooks and Library Books	148,303	166,275		314,578
Totals	<u><u>\$21,691,114</u></u>	<u><u>\$5,044,811</u></u>	<u><u>\$0</u></u>	<u><u>\$26,735,925</u></u>

**NOTE 11 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003 the School District contracted with Ohio School Insurance Program for property and inland marine coverage,

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

and for fleet insurance and liability insurance. Coverage's provided by Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)		\$35,427,771
Boiler and Machinery (\$500 deductible)		3,000,000
Automotive Liability (\$1,000 deductible)		1,000,000
Uninsured Motorist (\$1,000 deductible)		1,000,000
General Liability-Per Occurance		2,000,000

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group rating 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 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 \$76,611 reported in the internal service fund at June 30, 2003 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The following table reflects changes in claims activity for fiscal year 2002 and fiscal year 2003:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2002	\$147,729	\$815,298	\$826,205	\$136,822
2003	\$136,822	\$896,969	\$957,180	\$76,611

At year end as in past years, the Self Insurance Fund received an advance from the General Fund to cover a continuing operating loss in the Self Insurance Fund. During fiscal year 2003, the School District raised the employee and employer portion of health care premiums to cover fiscal year 2003 costs and to help reduce the under funded liability.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

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. The School District pays the State a rate per \$100 of salaries for workers' compensation.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School's rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligation. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The School's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$129,354, \$70,383 and \$42,963, respectively; 56.35 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$56,464 representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$689,548, \$641,575,, and \$614,748 respectively; 77.32 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$6,346 made by the School District and \$6,775 made by the plan members.

### **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, 2003, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

### **NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School, this amount equaled \$49,253 for fiscal year 2003.



Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits during the 2003 fiscal year equaled \$92,305.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 14 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits 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 to a maximum of 68 <sup>3</sup>/<sub>4</sub> days for all employees.

**B. Health/Life Insurance**

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 coverage's 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 the Health Plan of the Upper Ohio Valley and the life insurance and accidental death and dismemberment insurance is funded entirely by the Board.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

**NOTE 15 - LONG - TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

	Principal Outstanding 6/30/02	Additions	Deductions	Principal Outstanding 6/30/03
School Facilities				
Bonds 2000 Various Rates	\$3,190,000	\$0	\$60,000	\$3,130,000
Compensated Absences	898,101	320,947	400,209	818,839
Long-Term Pension Obligation	67,398	83,429	67,398	83,429
Total General Long-Term Obligations	<u>\$4,155,499</u>	<u>\$404,376</u>	<u>\$527,607</u>	<u>\$4,032,268</u>

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

Date	Principal Amount to be Redeemed
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:

Redemption Dates	Redemption Price
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.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

Compensated absences and the long-term pension obligation will be paid from the fund from which the employees' salaries are paid. The School District's voted legal debt margin was \$7,161,222 with an unvoted debt margin of \$79,569 at June 30, 2003.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2002 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2004	\$60,000	\$180,463	\$240,463
2005	70,000	177,308	247,308
2006	75,000	173,718	248,718
2007	75,000	169,949	244,949
2008	95,000	169,633	264,633
2009-2023	2,755,000	1,449,800	4,204,800
Total	<u>\$3,130,000</u>	<u>\$2,320,871</u>	<u>\$5,450,871</u>

**NOTE 17 – INTERFUND ACTIVITY**

At June 30, 2003, the School District had the following interfund receivables/payables:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>General</b>	\$137,937	\$0
Total General Fund	<u>137,937</u>	<u>0</u>
<b>Special Revenue Funds:</b>		
Title VIB	0	1,100
Title VI	0	1,000
Classroom Maintenance	72,810	0
Total Special Revenue Funds	<u>72,810</u>	<u>2,100</u>
<b>Capital Projects Fund:</b>		
Permanent Improvement	141,820	0
Total Capital Projects Fund	<u>141,820</u>	<u>0</u>
<b>Internal Service Fund:</b>		
Self-Insurance	0	350,467
Total Internal Service Fund	<u>0</u>	<u>350,467</u>
Total All Funds	<u>\$352,567</u>	<u>\$352,567</u>

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

*Ohio Mid-Eastern Regional Educational Service Agency* - The School District is a participant in the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of OME-RESA is selected by the member districts. OME-RESA possesses its own budgeting, appropriating, contracting and designating management. In fiscal year 2002, the School District contributed \$28,680 to the Agency. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., 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.

**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

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

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. Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition any money on hand in a school district's budget reserve set-asides as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers Compensation monies remaining in the budget reserve set-aside.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside reserve balance as of June 30, 2002	(\$165,477)	\$0
Current year set-aside requirement	185,292	185,292
Qualifying Disbursements	<u>(228,668)</u>	<u>(228,953)</u>
Totals	<u>(\$208,853)</u>	<u>(\$43,661)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(208,853)</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$0</u>	<u>\$0</u>

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

**NOTE 22 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

**B. Litigation**

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

**NOTE 23 – STATE SCHOOL FUNDING**

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

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

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

**NOTE 24 – SUBSEQUENT EVENTS**

On December 18, 2003 the Auditor of State removed the School District from fiscal caution and placed the School District in fiscal emergency. The School District was placed in fiscal emergency due to the School District’s operating deficit for the current fiscal year, voters have not approved a levy that would raise enough money in the next fiscal year to eliminate the deficit, and the Auditor of State determined that a declaration of fiscal emergency is necessary to correct the School District’s fiscal problems and to prevent further fiscal decline. The School District received a loan in the amount of \$1,551,000 from the State Solvency Fund.

**NOTE 25 – GOING CONCERN**

The School District was placed in Fiscal Emergency on December 18, 2003. Upon the declaration of a fiscal emergency in a School District, a financial planning and supervision commission (the Commission) is to be established to govern the School District and the School District is eligible for emergency funds (Solvency Loans). Within 120 days after the Commission’s first meeting, the Commission shall adopt a financial recovery plan. The State Superintendent shall review the recovery plan and either approve or disapprove it within thirty days from its submission. If the plan is disapproved, the State Superintendent shall recommend modifications that will render it acceptable. No Commission shall implement a recovery plan unless the State Superintendent approves it.

If the Commission fails to submit an acceptable plan or if the State Superintendent and director of OMB find that a Commission is not materially complying with the recovery plan, the two may jointly dissolve the Commission and appoint a fiscal arbitrator.

In addition to the School District being in fiscal emergency, the following conditions or events are of concern:

The Self Insurance Fund is under funded by approximately \$427,078.

The School District failed to pass an income tax levy on November 3, 2003.

The School District recently approved a one-year extension of the labor agreement with the classified and unclassified employees’ union. This agreement froze the salary schedules but still allowed step raises. In addition, the contract extension allowed the School District to change their health insurance to an HMO, resulting in a monthly savings for premium costs.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2003

---

**NOTE 25 – GOING CONCERN (Continued)**

The School District has outstanding debt of \$3,130,000 at June 30, 2003.

The current labor agreement with the teachers' union contains a requirement that the School District can not have a reduction in force because of finances.

**This page intentionally left blank.**



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

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

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Noncash Receipts</b>	<b>Disbursements</b>	<b>Noncash Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation		10.550		\$28,523		\$28,523
School Breakfast Program		10.553	38,389		38,389	
National School Lunch Program		10.555	118,669		118,669	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>157,058</u>	<u>28,523</u>	<u>157,058</u>	<u>28,523</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)		84.027	94,601		127,948	
Eisenhower Professional Development State Grant		84.281	(6,023)		2,889	
Title I Grants to Local Educational Agencies (Title I)		84.010	409,284		359,735	
Innovative Education Program Strategies (Title VI)		84.298	2,373		5,046	
Safe and Drug-Free Schools and Communities State Grant		84.186	1,783		290	
Education Technology State Grant		84.318	1,666		0	
Advanced Placement Program		84.330	50		50	
Title VI of ESEA - Class Size Reduction		84.340	(13,271)		10,412	
Improving Teacher Quality State Grant (Title II)		84.367	45,348		32,773	
Total U.S. Department of Education			<u>535,811</u>	<u>0</u>	<u>539,143</u>	<u>0</u>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>						
<i>Passed Through the Ohio Emergency Management Agency:</i>						
Public Assistance Grant Program	FEMA-DR-1453-OH	83.544			2,445	
Total Federal Emergency Management Agency			<u>0</u>	<u>0</u>	<u>2,445</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$692,869</u></b>	<b><u>\$28,523</u></b>	<b><u>\$698,646</u></b>	<b><u>\$28,523</u></b>

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.

**NOTE C – TRANSFERS DUE TO CHANGE OF CFDA NUMBERS**

During the audit period, the School District had two federal programs which were discontinued. The unobligated monies at the end of the grant period were transferred to the new program. This activity is summarized as follows:

CFDA Number/Program Number	Transfer Out	Transfer In
84.281/Eisenhower Professional Development State Grant	\$(6,023)	
84.340/Title VI of ESEA – Class Size Reduction	\$(13,271)	
84.367/Improving Teacher Quality State Grant (Title II)		\$19,294

**NOTE D – REFUND OF MONIES**

During the audit period, the School District was required to refund monies to the Department of Education due to the expiration of the period of availability. The unobligated monies at the end of the grant period were refunded to the Department of Education.

CFDA Number/Program Number	Transfer Out	Transfer In
84.298/Innovative Education Program Strategies – (Title VI)	\$(1,834)	



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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

We have audited the general purpose financial statements of the Barnesville Exempted Village School District, Belmont County as of and for the year ended June 30, 2003, and have issued our report thereon dated February 18, 2004, wherein we expressed substantial doubt about the School District's ability to continue as a going concern and we noted the under funding of the Self Insurance Fund during fiscal year 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated February 18, 2004.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-003 and 2003-004.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 27, 2004.

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

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

**Betty Montgomery**  
Auditor of State

February 18, 2004.



## Auditor of State Betty Montgomery

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

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

#### Compliance

We have audited the compliance of the Barnesville Exempted Village School District, Belmont County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

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

#### Internal Control Over Compliance

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

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Barnesville Exempted Village School District  
Belmont County  
Independent Accountants' Report on Compliance with Requirements Applicable  
To the Major Federal Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133  
Page 2

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

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

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

**Betty Montgomery**  
Auditor of State

February 18, 2004

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The District had appropriations in excess of estimated revenues in the Food Service Fund (006) in the amount of \$130,100 and the Self-Insurance Fund (024) in the amount of \$194,808.

We recommend the District ensure appropriations do not exceed estimated resources in any fund. The District failed to report Advances Not Repaid on the Certification of Available Revenue to the County Auditor for the Self-Insurance Fund and Food Service Fund. The Auditor of State adjustment to budgetary, to correct the Estimated Resources for not reporting Advances Not Repaid, created the appropriations greater than estimated resources for the Self Insurance Fund and Food Service Fund at fiscal year end.

**FINDING NUMBER 2003-002**

**Noncompliance Citation**

Ohio Rev. Code § 5705.10 states, in part, that money paid into a fund must be used for the purposes for which said fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

At June 30, 2003, the District had the following funds with negative cash fund balances: Self-Insurance (024) in the amount of \$214,630; SENRAB (200-9680) in the amount of \$2,883; Middle School Yearbook (200-9683) in the amount of \$1,817; High School Student Council (200-9615) in the amount of \$200 and Band (300-9400) in the amount of \$2,855.

The District also operated throughout the year with a negative cash fund balance in the following funds: Safe Schools Helpline (499-9003), Title I (572), Food Service (006), Self Insurance (024), Class of 2002 (200-9002), SENRAB (200-9680), Middle School yearbook (200-9683), SENRAB (200-9990), Elementary Yearbook (200-9600), High School Student Council (200-9615), Band (300-9400) and Close Up Program (300-9600).

We recommend the District monitor fund balances in order to avoid negative fund balances. When cash flow problems arise, monies should be advanced from other funds as suggested in Auditor of State Bulletin 97-003.



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)**

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

**FINDING NUMBER 2003-003**

**Reportable Condition**

**Student Activities – Sales Potential Forms**

Student Activities Fundraisers should be documented using Sales Potential Forms. The top portion of these forms should be completed prior to initiating the fund raiser. This portion should document the organization holding the fund raiser, a brief description of the project, prices to be charged, details for any items to be ordered or purchased and signatures indicating approval by the advisor, principal, student activity supervisor and the superintendent. The bottom portion of this form should be completed upon conclusion of the fund raiser. This portion should include details on all purchases made, amount collected, total number of items sold, prices charged (if different from amount stated at the top of the form), an explanation for any variances between the amount which should have been collected and the amount actually collected, and signatures indicating approval by the advisor, principal, student activity supervisor and superintendent. In addition, copies of invoices or receipts for purchases should be attached to the forms as well as any additional pages required to properly document the sales.

Of the fundraisers selected for testing, 67% had no documentation to indicate the number of items or admissions sold. In addition, 7% did not have a sales potential form on file and 33% did not have the bottom portion of the form completed. Also, of those with the bottom portion completed, 78% did not contain appropriate signatures documenting approval. Failure to properly document fundraisers makes these sales highly susceptible to theft. We were unable to determine completeness of student activity receipts due to the lack of supporting documentation.

We recommend that all fund raisers be properly documented using the Sales Potential Forms. These forms should be reviewed by the Student Activity Supervisor periodically to ensure the timely completion of forms upon conclusion of the fund raiser. For those fund raisers with admission being charged, pre-numbered tickets and ticket sales summary forms should be utilized to account for the number of admissions paid. For those fund raisers with items being sold, an accurate count of the quantity sold should be documented. In addition, the disposition of any unsold, lost or stolen items should be indicate on the Sales Potential Form. In order to assure completeness, Sales Potential Forms should be maintained in a manner that allows for the recalculation of the amount to be deposited with the Treasurer.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)**

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

**FINDING NUMBER 2003-004**

**Reportable Condition**

**Internal Service Fund – Deficit Fund Balance**

Internal Service Funds are used when a fund primarily provides benefits to other funds or departments of the primary government. The Internal Service Fund is simply a means of accumulating costs related to a given activity on an accrual basis so that the costs can be subsequently be allocated to the benefiting funds in the form of fees and charges. Accordingly, the use of an Internal Service Fund is not appropriate for activities that a government only partially intends to finance through fees and charges. Otherwise, costs could be stranded in the Internal Service Funds. Consequently, Internal Service Funds are only appropriate if a government intends to recover the full cost of providing a given activity.

Consistent with the cost-reimbursement goal of Internal Service Funds, a significant deficit in an Internal Service Fund could indicate that participating funds are not being charged their proportionate share of costs. For the past three years, the Self Insurance Fund, an Internal Service Fund type has reflected a deficit even though user fees have been increased. For GAAP reporting, a deficit in an Internal Service Fund should be charged back to other funds unless adjustments are expected over a reasonable period of time.

We recommend the Board of Education review the costs associated with the health insurance program that is being recorded in an Internal Service Fund. The District should only be recording insurance costs, in an Internal Service Fund, that are expected to be recovered through fees and charges. Each participating fund should be charged their proportionate share of costs. Any health insurance costs not expected to be recovered should be recorded as direct charges to the appropriate fund instead of accumulating in a Internal Service Fund.

**3. FINDINGS FOR FEDERAL AWARDS**

None

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 §.315 (b)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2002-1107-001	Ohio Revised Code § 5705.10 – Negative fund balances	No	Not corrected; repeated as Finding # 2003-002.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 §.315 (c)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2003-001	Management will review appropriation measures to ensure they do not exceed estimated resources.	June 30, 2004	Tim Pickana, Treasurer
2003-002	Management will review cash balances to ensure that any negative balances are corrected.	June 30, 2004	Tim Pickana, Treasurer
2003-003	Management will adopt procedures to ensure the proper use of the Sales Potential forms.	June 30, 2004	Tim Pickana, Treasurer



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
MARCH 30, 2004**