



Dave Yost • Auditor of State

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School Districts, Belmont County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Schoolwide Pool Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

August 2, 2011

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

The discussion and analysis of the Barnesville Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2011 are as follows:

- Net assets of governmental activities decreased \$133,126.
- General revenues accounted for \$8,819,958 in revenue or 71 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$3,630,787 or 29 percent of total revenues of \$12,450,745.
- Total assets of governmental activities increased \$864,047, primarily due to an increase in property taxes receivable due to an increase in assessed valuation for public utility personal property related to the Rockies Express natural gas pipeline. The increase was offset by annual depreciation expense for capital assets.
- The School District had \$12,583,871 in expenses related to governmental activities; only \$3,630,787 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$8,819,958 were not adequate to provide for these programs.
- Total governmental funds had \$14,007,001 in revenues and other financing sources and \$13,868,506 in expenditures and other financing uses. The total governmental funds' balance increased \$138,495.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can first understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look as the School District's most significant funds with all other non-major funds presented in total in one column.

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are considered to be Governmental Activities.

- Governmental Activities – All of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, food service operations, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Schoolwide Pool Fund, and the Debt Service Fund.

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

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

Table 1
Net Assets

	<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>
Assets			
Current and Other Assets	\$7,801,535	\$6,094,047	\$1,707,488
Capital Assets	15,863,866	16,707,307	(843,441)
Total Assets	<u>23,665,401</u>	<u>22,801,354</u>	<u>864,047</u>
Liabilities			
Long-Term Liabilities	3,808,372	4,043,959	(235,587)
Other Liabilities	4,353,071	3,120,311	1,232,760
Total Liabilities	<u>8,161,443</u>	<u>7,164,270</u>	<u>997,173</u>
Net Assets			
Invested in Capital Assets, Net of Debt	12,870,237	13,499,092	(628,855)
Restricted	1,163,966	892,256	271,710
Unrestricted	1,469,755	1,245,736	224,019
Total Net Assets	<u>\$15,503,958</u>	<u>\$15,637,084</u>	<u>(\$133,126)</u>

Total assets increased \$864,047. Current assets increased by \$1,707,488 primarily due to an increase in property taxes receivable based upon an increase in assessed valuation for public utility personal property due to the Rockies Express natural gas pipeline. There was also an increase in equity in pooled cash and cash equivalents and intergovernmental receivables related to the School District being awarded Education Jobs grant dollars. These increases were offset by annual depreciation expense for capital assets.

Total liabilities increased \$997,173, due primarily to increased deferred revenue associated with the increase in property taxes receivable. This increase was offset by principal repayments for long-term obligations.

Invested in Capital Assets, Net of Debt decreased \$628,855 due primarily to depreciation of capital assets.

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 2 shows the changes in net assets for the fiscal year 2011 compared to fiscal year 2010.

Table 2
Changes in Net Assets

	Governmental Activities		Change
	2011	2010	
Revenues			
Program Revenues			
Charges for Services and Sales	\$932,335	\$810,348	\$121,987
Operating Grants and Contributions	2,698,452	2,177,751	520,701
Total Program Revenues	3,630,787	2,988,099	642,688
General Revenues			
Property Taxes	2,871,077	2,354,276	516,801
Grants and Entitlements not Restricted to Specific Programs	5,805,046	5,905,052	(100,006)
Others	143,835	236,862	(93,027)
Total General Revenues	8,819,958	8,496,190	323,768
Total Revenues	12,450,745	11,484,289	966,456
Program Expenses			
Instruction:			
Regular	5,332,048	5,112,331	219,717
Special	1,601,489	1,028,228	573,261
Vocational	181,388	113,945	67,443
Student Intervention Services	236,629	207,868	28,761
Support Services:			
Pupil	637,667	566,539	71,128
Instructional Staff	314,735	268,328	46,407
Board of Education	146,417	168,099	(21,682)
Administration	957,648	970,573	(12,925)
Fiscal	377,487	413,277	(35,790)
Business	42,176	32,963	9,213
Operation and Maintenance of Plant	1,219,535	1,275,773	(56,238)
Pupil Transportation	584,629	535,641	48,988
Central	172,765	133,058	39,707
Operation of Non-Instructional Services	39,293	44,715	(5,422)
Food Service Operations	382,495	432,595	(50,100)
Extracurricular Activities	206,263	216,623	(10,360)
Interest and Fiscal Charges	151,207	144,701	6,506
Total Expenses	12,583,871	11,665,257	918,614
Decrease in Net Assets	(133,126)	(180,968)	47,842
Net Assets Beginning of Year	15,637,084	15,818,052	(180,968)
Net Assets End of Year	\$15,503,958	\$15,637,084	(\$133,126)

In 2011, 23 percent of the School District's revenues were from property taxes and 47 percent were from unrestricted grants and entitlements. The School District realized an increase in operating grants and contributions from fiscal year 2010, primarily related to the School District being awarded Education Jobs grant dollars. As in 2010, the School District had no capital contributions from outside sources during fiscal year 2011.

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Instructional programs comprise approximately 58 percent of total governmental program expenses. Of the instructional expenses, approximately 73 percent is for regular instruction, 22 percent for special instruction, 2 percent for vocational instruction, and 3 percent for student intervention. Instructional program expenses increased \$889,182 or approximately 14 percent from the prior fiscal year and total expenses increased \$918,614 or approximately 8 percent. The overall increase was due primarily to increased costs for instructional expenses.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2011 compared to fiscal year 2010. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction:				
Regular	\$5,332,048	\$5,112,331	\$3,514,581	\$4,131,710
Special	1,601,489	1,028,228	1,082,729	343,559
Vocational	181,388	113,945	78,420	54,675
Student Intervention Services	236,629	207,868	226,286	130,486
Support Services:				
Pupil	637,667	566,539	492,314	389,586
Instructional Staff	314,735	268,328	154,237	121,930
Board of Education	146,417	168,099	146,417	168,099
Administration	957,648	970,573	713,961	793,963
Fiscal	377,487	413,277	299,340	336,155
Business	42,176	32,963	42,176	32,963
Operation and Maintenance of Plant	1,219,535	1,275,773	1,219,535	1,275,773
Pupil Transportation	584,629	535,641	584,629	535,641
Central	172,765	133,058	165,617	118,576
Operation of Non-Instructional Services	39,293	44,715	10,583	(36,858)
Food Service Operations	382,495	432,595	34,591	69,045
Extracurricular Activities	206,263	216,623	36,461	67,154
Interest and Fiscal Charges	151,207	144,701	151,207	144,701
Total Expenses	<u>\$12,583,871</u>	<u>\$11,665,257</u>	<u>\$8,953,084</u>	<u>\$8,677,158</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent as 71 percent of expenses are supported through taxes and other general revenues.

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

The School District Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. The School District has three major funds, the General Fund, Schoolwide Pool Fund, and the Debt Service Fund. The General Fund had \$9,208,787 in revenues and \$7,280,363 in expenditures. Overall, including other financing uses, the General Fund's balance increased \$38,883. The Schoolwide Pool Fund had \$2,465,354 in revenues and transfers in, and \$2,465,354 in expenditures, leaving no fund balance. The Debt Service Fund had \$298,486 in revenues and \$267,978 in expenditures. The Debt Service Fund's balance increased \$30,508.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2011, the School District amended its general fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were decreases for instructional expenditures between the final budget and actual expenditures that reflected actual School District operational costs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$15,863,866 invested in land, buildings, furniture, equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2011, the School District had \$3,107,811 in outstanding bonds including premiums, accretion, and refunding differences. In addition, the School District had \$26,485 in outstanding capital leases. See Note 15 for more detailed information on the School District's debt.

Economic Factors

During fiscal year 2008, the School District was released from fiscal emergency. The current five year forecast reflects that the School District will encounter deficit spending within the five years; however, the School District's carryover balance is sufficient to ensure that the School District maintains a positive cash balance throughout the five year period.

In fiscal year 2009, the School District applied and was approved for an H.B.264 energy conservation project through the Ohio School Facilities Commission. The total project cost is \$951,728 and there are additional fees for the issuance of the bonds in the amount of \$14,289. The School District chose to pay for \$251,298 of the project with local funds and financed the remaining portion of \$714,719, which includes \$700,430 in project funds and \$14,289 in issuance cost, via the 2009 Qualified School Construction Bond (QSCB) Program. On November 24, 2009, the School District issued debt in the amount of \$714,719 (remaining cost of project after initial payment) to improve energy efficiency in the School District.

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The School District continues to rely heavily on State foundation funding. Recent reductions in the biennium budget for fiscal years 2012 and 2013 will adversely affect the financial position of the School District. New public utility personal property taxes received from the Rockies Express Pipeline will help offset the reductions in state funding in fiscal year 2012 and fiscal year 2013. The School District has not solicited voters to support a tax levy in order to generate additional revenue.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Matt King, Treasurer/CFO at Barnesville Exempted Village School District, 210 W. Church Street, Barnesville, Ohio 43713.

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Barnesville Exempted Village School District
Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,908,040
Intergovernmental Receivable	387,602
Prepaid Items	5,836
Materials and Supplies Inventory	34,221
Property Taxes Receivable	3,408,863
Deferred Charges	56,973
Non-Depreciable Capital Assets	272,950
Depreciable Capital Assets, Net	15,590,916
<i>Total Assets</i>	23,665,401
Liabilities	
Accounts Payable	53,656
Accrued Wages and Benefits Payable	837,216
Contracts Payable	17,671
Intergovernmental Payable	342,319
Accrued Interest Payable	9,138
Vacation Benefits Payable	89,215
Deferred Revenue	3,003,856
Long-Term Liabilities:	
Due Within One Year	275,741
Due In More Than One Year	3,532,631
<i>Total Liabilities</i>	8,161,443
Net Assets	
Invested in Capital Assets, Net of Related Debt	12,870,237
Restricted for:	
Capital Projects	9,677
Debt Service	570,677
Building Maintenance	108,857
Food Service Operations	18,253
Federal Programs	338,936
State Programs	1,044
Local Programs	107,486
Bus Purchase	9,036
Unrestricted	1,469,755
<i>Total Net Assets</i>	\$15,503,958

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Instruction:				
Regular	\$5,332,048	\$652,722	\$1,164,745	(\$3,514,581)
Special	1,601,489	0	518,760	(1,082,729)
Vocational	181,388	0	102,968	(78,420)
Student Intervention Services	236,629	0	10,343	(226,286)
Support Services:				
Pupils	637,667	0	145,353	(492,314)
Instructional Staff	314,735	0	160,498	(154,237)
Board of Education	146,417	0	0	(146,417)
Administration	957,648	0	243,687	(713,961)
Fiscal	377,487	0	78,147	(299,340)
Business	42,176	0	0	(42,176)
Operation and Maintenance of Plant	1,219,535	0	0	(1,219,535)
Pupil Transportation	584,629	0	0	(584,629)
Central	172,765	0	7,148	(165,617)
Operation of Non-Instructional Services	39,293	0	28,710	(10,583)
Food Service Operations	382,495	109,811	238,093	(34,591)
Extracurricular Activities	206,263	169,802	0	(36,461)
Interest and Fiscal Charges	151,207	0	0	(151,207)
<i>Total Governmental Activities</i>	<u>\$12,583,871</u>	<u>\$932,335</u>	<u>\$2,698,452</u>	<u>(8,953,084)</u>
 General Revenues				
Property Taxes Levied for General Purposes				2,570,838
Property Taxes Levied for Debt Service				257,932
Property Taxes Levied for Building Maintenan				42,307
Grants and Entitlements not Restricted to Specific Programs				5,805,046
Gifts and Donations				17,646
Investment Earnings				35,960
Miscellaneous				90,229
<i>Total General Revenues</i>				<u>8,819,958</u>
Change in Net Assets				(133,126)
<i>Net Assets Beginning of Year</i>				<u>15,637,084</u>
<i>Net Assets End of Year</i>				<u>\$15,503,958</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$3,035,728	\$0	\$535,832	\$327,444	\$3,899,004
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	9,036	0	0	0	9,036
Receivables:					
Property Taxes	3,039,635	0	316,504	52,724	3,408,863
Intergovernmental	45,754	0	0	341,848	387,602
Interfund	0	327,563	0	0	327,563
Prepaid Items	5,836	0	0	0	5,836
Materials and Supplies Inventory	16,972	0	0	17,249	34,221
<i>Total Assets</i>	<u>\$6,152,961</u>	<u>\$327,563</u>	<u>\$852,336</u>	<u>\$739,265</u>	<u>\$8,072,125</u>
Liabilities					
Accounts Payable	\$38,439	\$827	\$0	\$14,390	\$53,656
Contracts Payable	0	0	0	17,671	17,671
Accrued Wages and Benefits	522,782	273,267	0	41,167	837,216
Interfund Payable	327,563	0	0	0	327,563
Intergovernmental Payable	273,904	53,469	0	14,946	342,319
Deferred Revenue	2,905,697	0	292,739	316,567	3,515,003
<i>Total Liabilities</i>	<u>4,068,385</u>	<u>327,563</u>	<u>292,739</u>	<u>404,741</u>	<u>5,093,428</u>
Fund Balances					
Nonspendable:					
Materials and Supplies Inventory	16,972	0	0	17,249	34,221
Prepaid Items	5,836	0	0	0	5,836
Restricted for:					
Capital Projects	0	0	0	9,677	9,677
Debt Service	0	0	559,597	0	559,597
Building Maintenance	0	0	0	105,575	105,575
Food Service Operation	0	0	0	21,933	21,933
Federal Programs	0	0	0	71,560	71,560
State Programs	0	0	0	1,044	1,044
Local Programs	0	0	0	107,486	107,486
Bus Purchase	9,036	0	0	0	9,036
Unassigned	2,052,732	0	0	0	2,052,732
<i>Total Fund Balances</i>	<u>2,084,576</u>	<u>0</u>	<u>559,597</u>	<u>334,524</u>	<u>2,978,697</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,152,961</u>	<u>\$327,563</u>	<u>\$852,336</u>	<u>\$739,265</u>	<u>\$8,072,125</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2011*

Total Governmental Fund Balances		\$2,978,697
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are deferred in the funds.		15,863,866
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Intergovernmental	267,376	
Tuition and Fees	45,754	
Property Taxes	198,017	
Total		511,147
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		56,973
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(89,215)
Long-term liabilities and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	2,885,000	
Capital Appreciation Bonds	94,999	
Bond Premium	132,737	
Refunding Difference	(88,619)	
Accrued Interest Payable	9,138	
Capital Leases	26,485	
Compensated Absences	674,076	
Capital Appreciation Bonds Accretion	83,694	
Total		(3,817,510)
<i>Net Assets of Governmental Activities</i>		\$15,503,958

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,538,208	\$0	\$255,654	\$42,287	\$2,836,149
Intergovernmental	5,864,761	575,813	37,596	1,757,952	8,236,122
Interest	28,586	0	5,236	2,138	35,960
Tuition and Fees	617,661	0	0	0	617,661
Extracurricular Activities	68,858	0	0	100,944	169,802
Contributions and Donations	13,411	0	0	4,235	17,646
Charges for Services	4,080	0	0	109,811	113,891
Miscellaneous	73,222	0	0	17,007	90,229
<i>Total Revenues</i>	<u>9,208,787</u>	<u>575,813</u>	<u>298,486</u>	<u>2,034,374</u>	<u>12,117,460</u>
Expenditures					
Current:					
Instruction:					
Regular	2,828,232	1,488,238	0	616,632	4,933,102
Special	759,443	307,911	0	483,211	1,550,565
Vocational	155,924	0	0	0	155,924
Student Intervention Services	38,219	185,187	0	13,223	236,629
Support Services:					
Pupils	341,948	213,192	0	49,985	605,125
Instructional Staff	108,532	73,752	0	110,342	292,626
Board of Education	146,752	0	0	0	146,752
Administration	561,418	197,074	0	147,896	906,388
Fiscal	367,696	0	6,848	1,136	375,680
Business	38,576	0	0	0	38,576
Operation and Maintenance of Plant	1,072,089	0	0	69,944	1,142,033
Pupil Transportation	505,642	0	0	0	505,642
Central	164,736	0	0	7,684	172,420
Operation of Non-Instructional Services	5,180	0	0	30,864	36,044
Food Service Operations	0	0	0	332,372	332,372
Extracurricular Activities	96,867	0	0	100,601	197,468
Capital Outlay	7,728	0	0	1,380	9,108
Debt Service:					
Principal Retirement	65,540	0	150,000	0	215,540
Interest and Fiscal Charges	15,841	0	111,130	0	126,971
<i>Total Expenditures</i>	<u>7,280,363</u>	<u>2,465,354</u>	<u>267,978</u>	<u>1,965,270</u>	<u>11,978,965</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,928,424</u>	<u>(1,889,541)</u>	<u>30,508</u>	<u>69,104</u>	<u>138,495</u>
Other Financing Sources (Uses)					
Transfers In	0	1,889,541	0	0	1,889,541
Transfers Out	(1,889,541)	0	0	0	(1,889,541)
Total Other Financing Sources (Uses)	<u>(1,889,541)</u>	<u>1,889,541</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	38,883	0	30,508	69,104	138,495
<i>Fund Balances Beginning of Year - Restated (Note 3)</i>	<u>2,045,693</u>	<u>0</u>	<u>529,089</u>	<u>265,420</u>	<u>2,840,202</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,084,576</u></u>	<u><u>\$0</u></u>	<u><u>\$559,597</u></u>	<u><u>\$334,524</u></u>	<u><u>\$2,978,697</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011*

Net Change in Fund Balances - Total Governmental Funds \$138,495

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

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

Current Year Depreciation (843,441)

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

Intergovernmental	267,376	
Property Taxes	34,928	
Tuition and Fees	30,981	
Total	333,285	333,285

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bonds	194,719	
Capital Leases	20,821	
Total	215,540	215,540

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities, and the accretion of interest of capital appreciation bonds is reported in the statement of activities

Accretion of Interest	(23,985)	
Accrued Interest	(4,059)	
Total	(28,044)	(28,044)

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bond on the statement of activities.

11,459

The refunding difference is allocated as a reduction of expenses in the statement of activities over the life of the bonds.

(7,651)

Some expenses reported in the statement of activities, such as compensated absences and vacation benefits payable do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Vacation Benefits Payable	7,007	
Compensated Absences Payable	40,224	
Total	47,231	47,231

Changes in Net Assets of Governmental Activities

(\$133,126)

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2011*

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$2,559,570	\$2,090,500	\$2,556,864	\$466,364
Intergovernmental	5,759,030	6,266,147	5,864,761	(401,386)
Interest	0	15,260	28,586	13,326
Tuition and Fees	639,892	611,898	617,661	5,763
Extracurricular Activities	91,413	85,000	68,858	(16,142)
Contributions and Donations	0	0	13,411	13,411
Charges for Services	0	0	4,080	4,080
Miscellaneous	91,413	72,538	73,222	684
<i>Total Revenues</i>	<u>9,141,318</u>	<u>9,141,343</u>	<u>9,227,443</u>	<u>86,100</u>
Expenditures				
Current:				
Instruction:				
Regular	6,201,960	8,880,415	2,796,519	6,083,896
Special	402,419	67,705	601,184	(533,479)
Vocational	98,958	7,155	159,375	(152,220)
Student Intervention Services	197	197	38,219	(38,022)
Support Services:				
Pupils	235,982	18,268	348,449	(330,181)
Instructional Staff	49,825	3,924	86,933	(83,009)
Board of Education	108,333	16,530	170,505	(153,975)
Administration	362,011	42,752	558,880	(516,128)
Fiscal	259,631	30,123	400,612	(370,489)
Business	53,261	7,360	50,932	(43,572)
Operation and Maintenance of Plant	769,437	35,013	1,181,697	(1,146,684)
Pupil Transportation	337,230	15,919	539,367	(523,448)
Central	91,014	(789)	167,538	(168,327)
Extracurricular Activities	90,136	(1,667)	104,019	(105,686)
Capital Outlay	(59)	(59)	19,493	(19,552)
Debt Service:				
Principal Retirement	12,118	12,118	44,719	(32,601)
Interest and Fiscal Charges	0	0	12,809	(12,809)
<i>Total Expenditures</i>	<u>9,072,453</u>	<u>9,134,964</u>	<u>7,281,250</u>	<u>1,853,714</u>
Excess of Revenues Over Expenditures	<u>68,865</u>	<u>6,379</u>	<u>1,946,193</u>	<u>1,939,814</u>
Other Financing Uses				
Transfers Out	0	0	(1,847,482)	(1,847,482)
Advances Out	(1,921)	(1,921)	0	1,921
Total Other Financing Uses	<u>(1,921)</u>	<u>(1,921)</u>	<u>(1,847,482)</u>	<u>(1,845,561)</u>
<i>Net Change in Fund Balance</i>	66,944	4,458	98,711	94,253
<i>Fund Balance Beginning of Year</i>	2,476,175	2,476,175	2,476,175	0
Prior Year Encumbrances Appropriated	<u>181,001</u>	<u>181,001</u>	<u>181,001</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,724,120</u>	<u>\$2,661,634</u>	<u>\$2,755,887</u>	<u>\$94,253</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Schoolwide Pool Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	1,890,000	1,662,600	1,466,038	196,562
Special	146,250	317,850	303,047	14,803
Student Intervention Services	0	0	185,187	(185,187)
Support Services:				
Pupils	90,000	195,600	204,530	(8,930)
Instructional Staff	33,750	73,350	72,531	819
Administration	90,000	195,600	191,962	3,638
<i>Total Expenditures</i>	2,250,000	2,445,000	2,423,295	21,705
Excess of Revenues Under Expenditures	(2,250,000)	(2,445,000)	(2,423,295)	21,705
Other Financing Sources				
Transfers In	2,250,000	2,445,000	2,423,295	(21,705)
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$279,200	\$72,862
<i>Total Assets</i>	279,200	\$72,862
Liabilities		
Due to Students	0	\$72,862
<i>Total Liabilities</i>	0	\$72,862
Net Assets		
Held in Trust for Scholarships	279,200	
<i>Total Net Assets</i>	\$279,200	

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust Fund
Additions	
Interest	\$2,710
Deductions	
Payments in accordance with Trust agreements	5,000
<i>Change in Net Assets</i>	(2,290)
<i>Net Assets Beginning of Year</i>	281,490
<i>Net Assets End of Year</i>	\$279,200

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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 statute and federal guidelines. The Board controls the School District’s 4 instructional/support facilities staffed by 43 non-certified employees, 87 certificated personnel and 10 administrative employees to provide services to 1,127 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 combined 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. 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.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the 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 governmental units meet the criteria for inclusion as a component unit. The following activity is included within the reporting entity:

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

The School District is involved with six organizations, five of which are defined as jointly governed organizations and one which is defined as a related organization. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), the Coalition of Rural and Appalachian Schools (CORAS), the Educational Regional Service System Region 12 (ERSS), the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

(Council), the Belmont-Harrison Vocational School District, and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 17 and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental 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

The School District's general purpose financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The activities of the School District are reported using two categories of funds: governmental and fiduciary.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

Schoolwide Pool Fund – The Schoolwide Pool Fund is used to account for all financial resources required to operate the elementary school. The No Child Left Behind Act of 2001 provided the authority to pool all federal, state, and local funds necessary to upgrade the instructional program of school buildings where forty percent or greater of the students are from low-income families. The fund is utilized to pay all costs associated with operating the elementary school.

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

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The School District's fiduciary funds include private-purpose trust and agency funds. Private-purpose trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has a private purpose trust which accounts for various college scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

C. Measurement Focus

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

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

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

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

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 the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, 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, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2011, the School District had no investments.

Following Ohio statutes, the Board of Education may, by resolution, specify the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$28,586, which includes \$8,290 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in governmental funds include unexpended revenues restricted for the purchase of buses.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/ expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

I. Capital Assets

The only capital assets of the School District are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Construction in Process	N/A
Land Improvements	20 Years
Buildings and Improvements	5-50 Years
Furniture and Equipment	5-20 Years
Vehicles	8 Years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated on the Statement of Net Assets.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured severance payable” in the fund from which the employee will be paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that are paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the governmental fund financial statements when due.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

M. Bond Premiums, Discounts, Gains/Losses on Refinancing and Issuance Costs

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt.

Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds.

Any difference (gain/loss) on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements, issuance costs, bond premiums, and bond discounts are recognized in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Interfund Activity

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (School District resolutions).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net Assets Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Of the restricted net assets, none has resulted from enabling legislation.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. Estimates

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

S. Budgetary Data

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

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

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

Changes in Accounting Principles - For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District's financial statements.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Restatement of Prior Year's Fund Balance - Due to the implementation of GASB Statement No. 54, fund reclassification occurred for two funds that had previously been reported as special revenue funds and are now being combined with the General Fund in accordance with the new standards. The effect of the change is as follows:

	<u>General</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2010	\$1,959,448	\$351,665
Restatement, Fund Classification	<u>86,245</u>	<u>(86,245)</u>
Adjusted Fund Balance, June 30, 2010	<u>\$2,045,693</u>	<u>\$265,420</u>

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - General and Schoolwide Pool Funds 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transactions (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General and Schoolwide Pool Funds:

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Net Change in Fund Balance

	General	Schoolwide Pool
	<u> </u>	<u> </u>
GAAP Basis	\$38,883	\$0
Revenue Accruals	18,656	0
Transfers In	0	(42,059)
Transfers Out	42,059	0
Expenditure Accruals	287,990	42,059
Encumbrances	<u>(288,877)</u>	<u>0</u>
Budget Basis	<u>\$98,711</u>	<u>\$0</u>

NOTE 5 - CASH AND CASH EQUIVALENTS

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 (MMDA).

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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;

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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4. Bonds and other obligations of the State of Ohio;
 5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
 6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
 7. The State Treasurer's investment pool (STAROhio).
 8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,982,714 of the School District's bank balance of \$4,308,436 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, 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 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

December 31, 2008, were levied after October 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at twenty-five percent of true value.

Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 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, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011 was \$179,692 in the General Fund, \$23,765 in the Debt Service Fund, and \$3,533 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2010 was \$198,348 in the General Fund, \$25,078 in the Debt Service Fund, and \$4,560 in the Classroom Facilities Maintenance Special Revenue Fund.

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	<u>2010 Second - Half Collections</u>		<u>2011 First - Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Estate	\$97,564,290	94.90%	\$98,817,370	75.75%
Public Utility Personal	<u>5,239,070</u>	<u>5.10%</u>	<u>31,626,770</u>	<u>24.25%</u>
	<u>\$102,803,360</u>	<u>100.00%</u>	<u>\$130,444,140</u>	<u>100.00%</u>
 Tax Rate per \$1,000 of assessed valuation		\$43.45		\$43.45

The substantial increase in assessed valuation for public utility personal is due to the new valuation related to the Rockies Express natural gas pipeline.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011, consisted of property taxes and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$198,017 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Pre-School Grant	\$7,628
Education Jobs Federal Grant	334,220
Excess Cost Reimbursements	<u>45,754</u>
Total	<u><u>\$387,602</u></u>

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2011, consist of the following interfund receivables and payables:

	<u>Interfund Receivable</u>
<u>Interfund Payable</u>	<u>Schoolwide Fund</u>
General Fund	<u><u>\$327,563</u></u>

The balance due to the Schoolwide Fund from the General Fund are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program.

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2011 consisted of the following:

	<u>Transfer from Major Fund</u>
<u>Transfer to</u>	<u>General</u>
<u>Major Fund:</u>	
Schoolwide Pool Fund	<u><u>\$1,889,541</u></u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Transfers were used to move receipts from the General Fund to the Schoolwide Pool Fund in accordance with the schoolwide building program.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
Nondepreciable Capital Assets:				
Land	\$272,950	\$0	\$0	\$272,950
Total Nondepreciable Capital Assets	272,950	0	0	272,950
Depreciable Capital Assets:				
Land Improvements	884,937	0	0	884,937
Buildings and Improvements	25,273,231	0	0	25,273,231
Furniture and Equipment	1,044,957	0	0	1,044,957
Vehicles	951,707	0	0	951,707
Total Depreciable Capital Assets	28,154,832	0	0	28,154,832
Accumulated Depreciation:				
Land Improvements	(507,737)	(43,963)	0	(551,700)
Buildings and Improvements	(9,729,047)	(707,191)	0	(10,436,238)
Furniture and Equipment	(734,140)	(53,765)	0	(787,905)
Vehicles	(749,551)	(38,522)	0	(788,073)
Total Accumulated Depreciation	(11,720,475)	(843,441)	0	(12,563,916)
Total Depreciable Capital Assets, Net	16,434,357	(843,441)	0	15,590,916
Governmental Capital Assets, Net	\$16,707,307	(\$843,441)	\$0	\$15,863,866

Depreciation expense was charged to governmental activities as follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Instruction:	
Regular	\$421,487
Special	55,831
Vocational	19,852
Support Services:	
Pupils	34,486
Instructional Staff	18,610
Administration	55,831
Fiscal	18,610
Business	3,600
Operation and Maintenance of Plant	68,351
Pupil Transportation	81,497
Central	667
Extracurricular Activities	12,005
Food Service Operations	52,614
Total Depreciation Expense	<u>\$843,441</u>

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011 the School District contracted with the Netherlands Insurance Company for property and inland marine coverage, general liability, and fleet insurance coverage. The Netherlands Insurance Company insurance programs are as follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Building and Contents-replacement cost (\$1,000 deductible)	\$49,535,264
Automotive Liability (\$500 deductible)	1,000,000
Uninsured Motorist (\$500 deductible)	1,000,000
Medical Payments Limit	5,000
<i>General Liability:</i>	
Each Occurance	1,000,000
Aggregated Limit	2,000,000
Rented Property Limit	300,000
Medical Payments Limit	15,000
<i>Employee Benefits Liability:</i>	
Each Occurance (\$1,000 deductible)	1,000,000
Aggregated Limit	3,000,000
<i>Employer's Liability:</i>	
Each Occurance	1,000,000
Disease - Each Employee	1,000,000
Disease - Limit	1,000,000
<i>Legal Liability - Errors and Omission:</i>	
Each Wrongful Act	1,000,000
Aggregate Limit	1,000,000
<i>Sexual Misconduct Liability:</i>	
Each Loss	1,000,000
Aggregate Limit	1,000,000

Settled claims have not exceeded 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 11 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.74 percent of annual covered salary was the portion used to fund pension obligations (the latest date information is available). The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$107,316, \$111,248 and \$131,327 respectively; 100 percent has been contributed for fiscal year 2011, 2010 and 2009.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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.

Funding Policy - For the fiscal year ended June 30, 2010, (the latest date for which information is available) plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent 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 STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$598,825, \$589,553, and \$577,994 respectively; 81.79 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2010 (the latest date for which information is available) were \$11,870 made by the School District and \$8,478 made by the plan members.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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 of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2011, five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, (the latest date information is available) .50 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$4,212, \$50,912, and \$60,101 respectively; 100 percent has been contributed for fiscal year 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$6,402, \$9,179, and \$10,836 respectively; 100 percent has been contributed for fiscal year 2011, 2010 and 2009.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, (the latest date information is available) STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$46,834, \$43,916, and \$43,850 respectively; 81.79 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 13 - 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. Current policy permits vacation leave to be accumulated up to one year. 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 administrators and classified employees and 280 days for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 68 ³/₄ for administrators and classified employees and 75 days for certified employees.

B. Other Insurance Benefits

The School District provides life, accidental death and dismemberment and medical/surgical benefits to most employees through the Health Plan of the Upper Ohio Valley HMO. The Board pays 90 percent of the premiums for all certified staff and for the full-time classified staff. For the part-time classified staff, the board pays 85 percent of the premiums. The total monthly cost of premiums for the coverage through the Health Plan of the Upper Ohio Valley is \$491.16 single and \$1,227.90 family for medical/prescription, and \$4.09 single and \$10.17 family for vision. The School District provides dental coverage from Coresource and life insurance and accidental death and dismemberment insurance through Assurant. The total monthly cost of premiums for dental coverage is \$29.78 single and \$68.64 family. Life insurance coverage is in the amount of \$25,000 per employee at a total monthly premium of \$3.50.

C. Retirement Incentive

For fiscal year 2011, the School District is not offering a payment to staff for a retirement incentive. Certified employees who formally retire have the ability to return to their position for one year at their pre-retirement salary.

NOTE 14 – CAPITAL LEASES - LESSEE DISCLOSURE

In prior fiscal years, the School District entered into capitalized leases for copying equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

of ownership to the lessee. Capital lease payments have been reclassified from functional expenditures and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$23,748. Principal payments in fiscal year 2011 totaled \$20,821, in the governmental funds.

Future minimum lease payments through 2013 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$22,549	\$1,304
2013	3,936	39
Total	<u>\$26,485</u>	<u>\$1,343</u>

NOTE 15 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Principal Outstanding 6/30/10	Additions	Deductions	Principal Outstanding 6/30/11	Amounts Due Within One Year
General Obligation Bonds:					
2000 School Facilities Bonds \$3,267,000					
Serial Bonds @ 4.3%-6.7%	\$865,000	\$0	\$120,000	\$745,000	\$125,000
2007 School Improvement Refunding Bonds \$1,684,999					
Serial/Term Bonds - \$1,590,000 @ 3.85%-4.0%	1,500,000	0	30,000	1,470,000	30,000
Capital Appreciation Bonds - \$94,999 @ 4.2%-4.25%	94,999	0	0	94,999	0
Premium - \$183,348	144,196	0	11,459	132,737	0
CAB Accretion - \$390,001 @ 14.955%	59,709	23,985	0	83,694	0
Refunding Difference - \$122,411	(96,270)	0	(7,651)	(88,619)	0
2009 School Energy					
Conservation Improvement Bonds \$714,719					
Serial Bonds @ 1.85%	714,719	0	44,719	670,000	40,000
Capital Leases	47,306	0	20,821	26,485	22,549
Compensated Absences	714,300	103,095	143,319	674,076	58,192
Total General Long-Term Obligations	<u>\$4,043,959</u>	<u>\$127,080</u>	<u>\$362,667</u>	<u>\$3,808,372</u>	<u>\$275,741</u>

2000 School Facilities General Obligation Bonds – On March 24, 2000, the School District issued \$3,267,000 in voted general obligation bonds. The bonds were issued for the purpose of retiring \$3,267,000 in bond anticipation notes. The notes 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 to pay the local share of the school construction under the State of Ohio Classroom Facilities Assistance Program. The bonds were issued for a period of twenty-three years with a final maturity at December 1, 2023. During fiscal year 2007, the School District refunded \$1,685,000 of the term bonds. The advance refunded portion of the bonds were removed from the financial statements of the School District. The remaining

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

outstanding bonds are being retired from the debt service fund. The remaining outstanding portion of the bond issue consists of serial bonds.

In connection with the passage of the bond issue, the School District also passed a half-mill levy for the maintenance of the new building.

Principal and interest requirements to retire the remaining outstanding general obligation bonds for the 2000 School Facilities Bonds outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	\$125,000	\$49,113	\$174,113
2013	135,000	41,175	176,175
2014	150,000	32,265	182,265
2015	160,000	22,365	182,365
2016	175,000	11,725	186,725
Total	<u>\$745,000</u>	<u>\$156,643</u>	<u>\$901,643</u>

2007 School Improvement Refunding General Obligation Bonds – On February 7, 2007, Barnesville Exempted Village School District issued \$1,684,999 of general obligation bonds. The bonds were issued to refund \$1,685,000 of outstanding 2000 School Facilities General Obligation Term Bonds. The bonds were issued for a 16 year period with final maturity at December 1, 2022. At the date of refunding, \$1,807,411 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2000 School Facilities General Obligation Term Bonds. See the “Defeased Debt” portion of this note below for details of the refunded bonds and escrow account.

These refunding bonds were issued with a premium of \$183,348. The amortization of the premium for fiscal year 2011 was \$11,459. These refunding bonds were issued with an issuance cost of \$60,936. The amortization of the issuance costs for fiscal year 2011 was \$3,809. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$122,411. The amortization of the refunding difference for fiscal year 2011 was \$7,651.

The 2007 bond issue consists of serial, term and capital appreciation bonds, \$120,000, \$1,470,000, and \$94,999, respectively.

The capital appreciation bonds for this issue mature December 1, 2017 and 2018. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of outstanding capital appreciation bonds is \$485,000.

The 2011 accretion was recorded at \$23,985, leaving a total bond liability of \$178,693.

The term bonds for this issue are subject to optional and mandatory redemption prior to maturity.

The term bonds due December 1, 2016 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2011, 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:

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

<u>December 1</u>	<u>Principal Amount to be Redeemed</u>
2012	\$30,000
2013	35,000
2014	35,000
2015	35,000
	<u>\$135,000</u>

Unless otherwise called for redemption, the remaining \$230,000 principal amount of the bonds due December 1, 2016 is to be paid at stated maturity.

The term bonds due December 1, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2019, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>December 1</u>	<u>Principal Amount to be Redeemed</u>
2019	\$250,000
2020	260,000
2021	275,000
	<u>\$785,000</u>

Unless otherwise called for redemption, the remaining \$290,000 principal amount of the bonds due December 1, 2022 is to be paid at stated maturity.

The term bonds maturing on December 1, 2022 are subject to optional redemption, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 1, 2016 at par, which is 100 percent of the face value of the term bonds.

Principal and interest requirements to retire general obligation bonds for the 2007 School Improvement Refunding Bonds outstanding at June 30, 2011 are as follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Fiscal Year	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2012	\$30,000	\$58,207	\$0	\$0	\$30,000	\$58,207
2013	30,000	57,053	0	0	30,000	57,053
2014	35,000	55,898	0	0	35,000	55,898
2015	35,000	54,550	0	0	35,000	54,550
2016	35,000	53,203	0	0	35,000	53,203
2017-2021	740,000	213,855	94,999	390,001	834,999	603,856
2022-2023	565,000	34,200	0	0	565,000	34,200
Totals	<u>\$1,470,000</u>	<u>\$526,966</u>	<u>\$94,999</u>	<u>\$390,001</u>	<u>\$1,564,999</u>	<u>\$916,967</u>

2009 School Energy Conservation Improvement Qualified School Construction Bonds – On November 4, 2009, Barnesville Exempted Village School District issued \$714,719 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 1.85% interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

Principal and interest requirements to retire the remaining outstanding qualified school construction bonds for the 2009 School Energy Conservation Improvement Bonds outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2012	\$40,000	\$12,025	\$52,025
2013	45,000	11,238	56,238
2014	45,000	10,406	55,406
2015	45,000	9,574	54,574
2016	45,000	8,325	53,325
2017-2021	240,000	30,756	270,756
2022-2025	210,000	8,417	218,417
Total	<u>\$670,000</u>	<u>\$90,741</u>	<u>\$760,741</u>

The capital lease will be paid from the General Fund. Compensated absences will be paid from the General Fund and Food Service Special Revenue Fund.

The School District's overall legal debt margin was \$9,319,571, with an unvoted debt margin of \$130,444, at June 30, 2011.

Defeased Debt:

On February 7, 2007, the School District issued \$1,684,999 of general obligation bonds, as detailed above. The bonds were issued to refund \$1,685,000 of outstanding 2000 School Facilities General Obligation Term Bonds. The bonds were issued for a 16 year period with final maturity at December 1, 2022. At the date of refunding, \$1,807,411 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

refunded 2000 School Facilities General Obligation Term Bonds. As of June 30, 2011, the full amount of refunded bonds has been called and fully repaid.

NOTE 16 – CONSTRUCTION COMMITMENT

On July 29, 2009, the School District was approved for participation in the H.B. 264 School Energy Conservation Financing Program by the Ohio School Facilities Commission, the “Commission”. The School District contracted with H.E.A.T. Total Facilities Solution for the project in the amount of \$951,728. As of June 30, 2011, \$934,057 was paid, leaving a remaining contractual commitment of \$17,671.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency - The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has twelve participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Monroe, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school district’s elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides educational management information and cooperative purchasing services to member districts. The School District participates in the natural gas sales service program. This program allows schools to purchase natural gas at reduced rates. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage and any necessary adjustments are made. During fiscal year 2011, the total amount paid to OME-RESA from the School District was \$89,422 for cooperative gas purchasing services. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District’s membership fee was \$365 for fiscal year 2011.

Educational Regional Service System Region 12 - The School District participates in the Educational Regional Service System Region 12 (ERSS), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board possesses its own budgeting authority. The Council provides information technology and internet access to member districts. During fiscal year 2011, the School District's payments to the Council were \$43,990. The Jefferson County Educational Service Center serves as the fiscal agent. 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 District - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at Fox Shannon Place, St. Clairsville, Ohio 43950.

NOTE 18 - RELATED ORGANIZATION

Barnesville Hutton Memorial Library - The Barnesville Hutton Memorial Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Barnesville Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Barnesville Hutton Memorial Library, Brenda G. Brown, Clerk, at East Main Street, Barnesville, Ohio 43713.

NOTE 19 - 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.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. In prior years, the Board of Education authorized the expenditure of the budget reserve amount pursuant to State Statute, and as a result no budget reserve exists at June 30, 2011.

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 Restricted Balance as of June 30, 2010	\$0	\$0
Current Year Set-aside Requirement	167,092	167,092
Excess Qualified Expenditures from Prior Years	(362,674)	0
Offsetting Revenue	0	(83,864)
Qualifying Expenditures	<u>(259,775)</u>	<u>(141,761)</u>
Total	<u>(\$455,357)</u>	<u>(\$58,533)</u>
Balance Carried Forward to Fiscal Year 2012	<u>\$0</u>	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2011	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements in the current and prior fiscal years that reduced the textbook set-aside amount below zero. Effective July 1, 2011, House Bill 30, the "Unfunded Mandates Relief Act", eliminates the requirement that school districts annually set aside an amount per pupil into a textbook and instructional materials fund.

The School District had qualifying disbursements that reduced the capital improvements set-aside amount below zero. This excess may not be carried forward to offset future year set-aside requirements. The School District also had prior year capital expenditures from bond and note proceeds that may be used to offset future set-aside requirements, if needed.

NOTE 20 – 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, 2011.

B. Litigation

The School District is currently party to no legal proceedings.

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**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2010/2011	10.555	\$ 9,903	\$ 9,903
Cash Assistance:				
School Breakfast Program	2010/2011	10.553	60,069	60,069
National School Lunch Program	2010/2011	10.555	159,043	159,043
Cash Assistance Subtotal			<u>219,112</u>	<u>219,112</u>
Total Child Nutrition Cluster			<u>229,015</u>	<u>229,015</u>
Total U.S. Department of Agriculture			229,015	229,015
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	2011	84.010	493,183	493,183
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	2010	84.389	(31,483)	13,391
	2011		169,698	162,318
ARRA - Title I Grants to Local Educational Agencies, Recovery Act Subtotal			<u>138,215</u>	<u>175,709</u>
Total Title I, Part A Cluster			631,398	668,892
Special Education Cluster (IDEA):				
Special Education, Grants to States (IDEA, Part B)	2010	84.027	7,729	8,429
	2011		287,491	287,491
Special Education, Grants to States (IDEA, Part B) Subtotal			<u>295,220</u>	<u>295,920</u>
ARRA - Special Education - Grants to State (IDEA, Part B), Recovery Act	2010	84.391	19,676	25,680
	2011		133,325	133,325
ARRA - Special Education - Grants to State (IDEA, Part B), Recovery Act Subtotal			<u>153,001</u>	<u>159,005</u>
Total Special Education Cluster (IDEA)			448,221	454,925
Safe and Drug Free Schools and Communities, State Grants	2010	84.186	1,000	1,000
	2011		286	286
Total Safe and Drug Free Schools and Communities, State Grants			<u>1,286</u>	<u>1,286</u>
Education Technology State Grants Cluster:				
Education Technology State Grants	2011	84.318	2,740	2,740
ARRA - Education Technology State Grants, Recovery Act	2011	84.386	225,504	221,500
Total Education Technology State Grants Cluster			228,244	224,240
Improving Teacher Quality State Grants	2010	84.367	2,609	2,609
	2011		96,807	96,807
Total Improving Teacher Quality State Grants			<u>99,416</u>	<u>99,416</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	2011	84.394	452,014	452,014
Total U.S. Department of Education			<u>1,860,579</u>	<u>1,900,773</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 2,089,594</u>	<u>\$ 2,129,788</u>

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C - FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's (ODE) consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amount from 2010 to the 2011 program:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	\$ 31,483



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

Barnesville Exempted Village School District
Belmont County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note a certain matter not requiring inclusion in this report that we reported to the School District's management in a separate letter dated August 2, 2011.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, federal awarding agencies, pass-through entities, and others within the School District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

August 2, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Barnesville Exempted Village School District's major federal programs for the year ended June 30, 2011. The Summary of Auditor's results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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www.auditor.state.oh.us

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 2, 2011

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under Section .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I, Part A Cluster – CFDA #84.010 and #84.389 Special Education Cluster – CFDA #84.027 and #84.391 State Fiscal Stabilization Fund – Education State Grants, Recovery Act– CFDA #84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

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
AUGUST 23, 2011**