

**BARNESVILLE EXEMPTED SCHOOL DISTRICT
BELMONT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To Members of the Board:

We have audited the accompanying general purpose financial statements of the Barnesville Exempted Village School District, Belmont County, Ohio, (the School District), as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.


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

We were unable to obtain sufficient evidential matter supporting the sales revenue of the Food Service Fund-Enterprise Fund Type, nor were we able to satisfy ourselves as to completeness and accuracy by other auditing procedures. These sales revenues represent 39 percent of the revenue of the Enterprise Fund Type.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain sufficient evidential matter to support the amounts recorded as sales revenue in the School District's Food Service Fund-Enterprise Fund Type, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 1999, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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



Jim Petro
Auditor of State

December 3, 1999

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COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 1999

Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,326,940	\$258,904	\$66,333	\$735,978
Cash and Cash Equivalents with Fiscal Agent				
Receivables:				
Property and Other Taxes	1,912,650		24,276	154,853
Accounts	4,184	1,774		
Intergovernmental	1,423			
Accrued Interest				1,327
Interfund	120,554			
Due from Other Funds				
Prepaid Items	4,892			
Inventory Held for Resale				
Materials and Supplies Inventory	26,545			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	133,292			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount in Debt Service Fund for Retirement of Long-Term Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	\$3,530,480	\$260,678	\$90,609	\$892,158

Proprietary Fund Types		Fiduciary Fund Type	Account Groups			Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
\$15,181	\$35,554	\$52,383	\$0	\$0		\$2,491,273
	15,017					15,017
						2,091,779
28						5,986
39,418						40,841
						1,327
	128,538					120,554
						128,538
						4,892
8,509						8,509
946						27,491
						133,292
8,028			8,586,572			8,594,600
					67,699	67,699
					843,924	843,924
<u>\$72,110</u>	<u>\$179,109</u>	<u>\$52,383</u>	<u>\$8,586,572</u>	<u>\$911,623</u>		<u>\$14,575,722</u>

(Continued)

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 1999
(CONTINUED)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$50,470	\$13,225	\$0	\$29,363
Accrued Wages and Benefits Payable	635,450	66,127		
Compensated Absences Payable	24,969			
Interfund Payable				85,000
Due to Other Funds	109,746	15,455		
Intergovernmental Payable	123,986	9,286		
Deferred Revenue	1,812,599		22,910	
Due to Students				
Early Retirement Incentive Payable	30,000			
Claims Payable				
General Obligation Bonds Payable				
Total Liabilities	2,787,220	104,093	22,910	114,363
Fund Equity and Other Credits:				
Investments in General				
Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balances:				
Reserved for Encumbrances	172,211	44,192		377,308
Reserved for Inventory	28,545			
Reserved for Bus Purchases	38,839			
Reserved for Property Taxes	100,051		1,366	
Reserved for Budget Stabilization	94,453			
Unreserved,				
Undesignated (Deficits)	311,161	112,393	66,333	400,487
Total Fund Equity (Deficits) and Other Credits	743,260	156,585	67,699	777,795
Total Liabilities, Fund Equity and Other Credits	\$3,530,480	\$260,678	\$90,609	\$892,158

The notes to the general purpose financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$325	\$0	\$0	\$0	\$0	\$93,383
19,276					720,853
16,256				787,849	829,074
	35,554				120,554
3,337					128,538
8,687				53,774	195,733
6,647					1,842,156
		47,287			47,287
	50,145				30,000
				70,000	50,145
					70,000
54,528	85,699	47,287	0	911,623	4,127,723
			8,586,572		8,586,572
130,987					130,987
(113,405)	93,410				(19,995)
					593,711
					26,545
					38,839
					101,417
					94,453
		5,096			895,470
17,582	93,410	5,096	8,586,572	0	10,447,999
\$72,110	\$179,109	\$52,383	\$8,586,572	\$911,623	\$14,575,722

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property and Other Taxes	\$1,873,538	\$0	\$28,766	\$0	\$0	\$1,902,304
Income Taxes				\$383,878		383,878
Intergovernmental	5,591,710	672,515	3,776	552,478		6,820,479
Interest	74,934	5,393	4,147	10,403	52	94,929
Tuition and Fees	19,617					19,617
Extracurricular Activities		114,153			794	114,947
Gifts and Donations	3,953	14,015			5,500	23,468
Miscellaneous	41,452	7,793		936		50,181
Total Revenues	7,605,204	813,869	36,689	927,495	6,346	9,389,603
Expenditures:						
<i>Current:</i>						
Instruction:						
Regular	3,438,382	70,133				3,508,515
Special	616,281	340,845				957,126
Vocational	232,155					232,155
Other	31,418					31,418
Support Services:						
Pupils	308,986	68,979			2,250	380,215
Instructional Staff	180,798	89,462				270,260
Board of Education	84,400					84,400
Administration	548,132	36,761				584,893
Fiscal	197,382	899	689			198,970
Business	10,423	25,216				35,639
Operation and Maintenance of Plant	635,482					635,482
Pupil Transportation	454,833	16,500				471,333
Central	124,046	33,373				157,419
Non-Instructional Services		12,951				12,951
Extracurricular Activities	123,505	82,495				206,000
Capital Outlay	13,403			367,075		380,478
Debt Service						
Debt Service - Principal			70,000			70,000
Debt Service - Interest and Fiscal Charges			6,300			6,300
Total Expenditures	6,999,626	777,614	76,989	367,075	2,250	8,223,554
Excess of Revenue Over (Under) Expenditures	605,578	38,255	(40,300)	560,420	4,096	1,166,049
Other Financing Sources (Uses):						
Operating Transfers In		769				769
Operating Transfers Out	(196)				(200)	(396)
Total Other Financing Sources (Uses)	(196)	769	0	0	(200)	373
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	605,382	37,024	(40,300)	560,420	3,896	1,166,422
Fund Balances (Deficit) at Beginning of Year	140,315	119,561	107,999	217,375	1,200	586,450
Decrease in Reserve for Inventory	(2,437)					(2,437)
Fund Balances (Deficit) at End of Year	\$743,260	\$156,585	\$67,699	\$777,795	\$5,096	\$1,750,435

The notes to the general purpose financial statements are an integral part of this statement.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$1,863,156	\$1,863,156	\$0	\$0	\$0	\$0
Income Taxes						
Intergovernmental	5,590,287	5,590,287	0	669,073	672,516	3,443
Interest	67,654	74,975	7,321	5,029	5,393	364
Tuition and Fees	16,257	16,512	255			
Extracurricular Activities				115,656	115,656	0
Gifts and Donations	3,953	3,953	0	14,015	14,015	0
Miscellaneous	43,458	43,529	71	6,019	6,019	0
Total Revenues	7,584,765	7,592,412	7,647	809,792	813,599	3,807
Expenditures:						
Current:						
Instruction:						
Regular	3,374,808	3,374,808	0	69,655	69,655	0
Special	625,287	625,287	0	343,876	343,876	0
Vocational	233,769	233,769	0			
Other	33,084	33,084	0			
Support Services:						
Pupils	306,372	306,372	0	74,418	74,418	0
Instructional Staff	181,720	181,720	0	89,339	89,339	0
Board of Education	104,295	104,295	0			
Administration	553,523	553,523	0	37,086	37,086	0
Fiscal	208,129	208,129	0	903	903	0
Business			0	25,216	25,216	0
Operation and Maintenance of Plant	745,171	745,171	0			0
Pupil Transportation	456,338	456,338	0	16,500	16,500	0
Central	125,812	125,812	0	38,982	38,982	0
Non-Instructional Services						0
Extracurricular Activities	125,175	125,175	0	97,820	97,820	0
Capital Outlay	15,234	15,234	0			
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	7,088,717	7,088,717	0	822,553	822,553	0
Excess of Revenue Over (Under) Expenditures	496,048	503,695	7,647	(12,761)	(8,954)	3,807
Other Financing Sources (Uses):						
Advances In	41,690	41,690	0			
Advances Out	(120,554)	(120,554)	0		(639)	(639)
Operating Transfers In				769	769	0
Operating Transfers Out	(196)	(196)	0			
Total Other Financing Sources (Uses)	(79,060)	(79,060)	0	769	130	(639)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	416,988	424,635	7,647	(11,992)	(8,824)	3,168
Fund Balances at Beginning of Year	667,392	667,392	0	169,796	169,796	0
Prior Year Encumbrances Appropriated	147,498	147,498	0	40,515	40,515	0
Fund Balances at End of Year	\$1,231,878	\$1,239,525	\$7,647	\$198,319	\$201,487	\$3,168

(Continued)

The notes to the general purpose financial statements are an integral part of this statement.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)**

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$29,245	\$29,245	\$0	\$0	\$0	\$0
Income Taxes				358,986	358,986	0
Intergovernmental	3,776	3,776	0	552,478	552,478	0
Interest	4,147	4,147	0	9,249	10,237	988
Tuition and Fees						
Extracurricular Activities						
Gifts and Donations						
Miscellaneous				936	936	0
Total Revenues	37,168	37,168	0	921,649	922,637	988
Expenditures:						
Current:						
Instruction:						
Regular				46,263	46,263	0
Special						
Vocational				1,071	1,071	0
Other						
Support Services:						
Pupils				23,920	23,920	0
Instructional Staff						
Board of Education						
Administration						
Fiscal	689	689	0	28,783	28,783	0
Business						
Operation and Maintenance of Plant				95,800	95,800	0
Pupil Transportation				4,343	4,343	0
Central				121,665	121,665	0
Non-Instructional Services						
Extracurricular Activities						
Capital Outlay				407,279	407,279	0
Debt Service:						
Principal Retirement	70,000	70,000	0			
Interest and Fiscal Charges	8,300	8,300	0			
Total Expenditures	76,989	76,989	0	729,124	729,124	0
Excess of Revenue Over (Under) Expenditures	(39,821)	(39,821)	0	192,525	193,513	988
Other Financing Sources (Uses):						
Advances In				85,000	85,000	0
Advances Out					(19,746)	(19,746)
Operating Transfers In						
Operating Transfers Out						
Total Other Financing Sources (Uses)	0	0	0	85,000	65,254	(19,746)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(39,821)	(39,821)	0	277,525	258,767	(18,758)
Fund Balances at Beginning of Year	106,154	106,154	0	32,818	32,818	0
Prior Year Encumbrances Appropriated				53,192	53,192	0
Fund Balances at End of Year	\$66,333	\$66,333	\$0	\$363,535	\$344,777	(\$18,758)

The notes to the general purpose financial statements are an integral part of this statement.

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	0	\$1,892,401	\$1,892,401	\$0
			358,986	358,986	0
29	52	23	6,815,614	6,819,057	3,443
			86,108	94,804	8,696
			16,257	16,512	255
794	794	0	116,450	116,450	0
5,500	5,500	0	23,468	23,468	0
			50,413	50,484	71
6,323	6,346	23	9,359,697	9,372,162	12,465
			3,490,726	3,490,726	0
			969,163	969,163	0
			234,840	234,840	0
			33,084	33,084	0
6,000	6,000	0	410,710	410,710	0
			271,059	271,059	0
			104,295	104,295	0
			590,609	590,609	0
			238,504	238,504	0
			25,216	25,216	0
			840,971	840,971	0
			477,181	477,181	0
			286,459	286,459	0
			28,758	28,758	0
			222,995	222,995	0
			422,513	422,513	0
			70,000	70,000	0
			6,300	6,300	0
6,000	6,000	0	8,723,383	8,723,383	0
323	346	23	636,314	648,779	12,465
			126,690	126,690	0
			(120,554)	(140,939)	(20,385)
			769	769	0
(200)	(200)	0	(396)	(396)	0
(200)	(200)	0	6,509	(13,876)	(20,385)
123	146	23	642,823	634,903	(7,920)
1,200	1,200	0	977,360	977,360	0
			241,205	241,205	0
\$1,323	\$1,346	\$23	\$1,861,388	\$1,853,468	(\$7,920)

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues:			
Sales	\$111,085	\$0	\$111,085
Charges for Services		524,599	524,599
Other Revenues	19,420	75,447	94,867
Total Operating Revenues	130,505	600,046	730,551
Operating Expenses:			
Salaries	76,303		76,303
Fringe Benefits	54,699		54,699
Purchased Services	73	27,190	27,263
Materials and Supplies	37,057		37,057
Cost of Sales	105,992		105,992
Depreciation	4,181		4,181
Claims		489,682	489,682
Other	550		550
Total Operating Expenses	278,855	516,872	795,727
Operating Income/(Loss)	(148,350)	83,174	(65,176)
Non-Operating Revenues:			
Federal Donated Commodities	16,407		16,407
Interest	728	87	815
Operating Grants	134,252		134,252
Total Non-Operating Revenues	151,387	87	151,474
Net Income (Loss) Before Operating Transfers	3,037	83,261	86,298
Operating Transfers-Out	(373)		(373)
Net Income (Loss)	2,664	83,261	85,925
Retained Earnings (Deficit) at Beginning of Year	(116,069)	10,149	(105,920)
Retained Earnings (Deficit) at End of Year	(113,405)	93,410	(19,995)
Contributed Capital at Beginning of Year	130,987		130,987
Contributed Capital at End of Year	130,987	0	130,987
Total Fund Equity at End of Year	\$17,582	\$93,410	\$110,992

The notes to the general purpose financial statements are an integral part of this statement.

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Enterprise			Internal Service		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$111,085	\$111,085	\$0	\$0	\$0	\$0
Charges for Services				501,106	505,646	4,540
Operating Grants	94,834	94,834	0			
Interest	654	728	74		87	87
Other Revenues	18,770	19,393	623	14,724	75,447	60,723
Total Revenues	225,343	226,040	697	515,830	581,180	65,350
Expenses:						
Salaries	83,079	83,079	0			
Fringe Benefits	52,775	52,775	0	26,891	27,190	(299)
Purchased Services	73	73	0	503,190	515,522	(12,332)
Materials and Supplies	124,060	124,060	0			
Capital Outlay	290	290	0			
Other	550	550	0			
Total Expenses	260,827	260,827	0	530,081	542,712	(12,631)
Operating Income (Loss)	(35,484)	(34,787)	697	(14,251)	38,468	52,719
Non-Operating Revenues/Expenses:						
Advances In			0	35,554	35,554	0
Advances Out			0		(21,304)	(21,304)
Transfers Out	(373)	(373)	0			
Total Non-Operating Revenues/Expenses	(373)	(373)	0	35,554	14,250	(21,304)
Excess of Revenues Over (Under) Expenses	(35,857)	(35,160)	697	21,303	52,718	31,415
Total Equity at Beginning of Year	46,598	46,598	0	(2,147)	(2,147)	0
Prior Year Encumbrances Appropriated	3,407	3,407	0			
Total Equity at End of Year	\$14,148	\$14,845	\$697	\$19,156	\$50,571	\$31,415

The notes to the general purpose financial statements are an integral part of this statement.

Totals (Memorandum Only)

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$111,085	\$111,085	\$0
501,106	505,646	4,540
94,834	94,834	0
654	815	161
<u>33,494</u>	<u>94,840</u>	<u>61,346</u>
741,173	807,220	66,047
83,079	83,079	0
79,666	79,965	(299)
503,263	515,595	(12,332)
124,060	124,060	0
290	290	0
550	550	0
<u>790,908</u>	<u>803,539</u>	<u>(12,631)</u>
(49,735)	3,681	53,416
35,554	35,554	0
0	(21,304)	(21,304)
<u>(373)</u>	<u>(373)</u>	<u>0</u>
<u>35,181</u>	<u>13,877</u>	<u>(21,304)</u>
(14,554)	17,558	32,112
44,451	44,451	0
3,407	3,407	0
<u>\$33,304</u>	<u>\$65,416</u>	<u>\$32,112</u>

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$111,116	\$0	\$111,116
Cash Received from Quasi-External Transactions w/ Other Funds		505,646	505,646
Cash Received from Other Receipts	19,361	75,447	94,808
Cash Payments to Supplies for Goods and Services	(124,086)	(27,190)	(151,276)
Cash Payments for Employee Services	(83,079)		(83,079)
Cash Payments for Employee Benefits	(52,775)		(52,775)
Cash Payments for Claims		(515,522)	(515,522)
Other Operating Expenses	(550)		(550)
Net Cash Used for Operating Activities	(130,013)	38,381	(91,632)
Cash Flows from Noncapital Financing Activities:			
Advances In		35,554	35,554
Advances Out		(21,304)	(21,304)
Short Term Loans Received from Other Funds		(2,146)	(2,146)
Operating Transfers Out	(373)		(373)
Operating Grants Received	94,834		94,834
Net Cash Provided by Noncapital Financing Activities	94,461	12,104	106,565
Cash Flows from Investing Activities:			
Interest on Investments	728	87	815
Net Cash Provided from Investing Activities	728	87	815
Net Increase/(Decrease) in Cash and Cash Equivalents	(34,824)	50,572	15,748
Cash and Cash Equivalents Beginning of Year	50,005	0	50,005
Cash and Cash Equivalents End of Year	<u>\$15,181</u>	<u>\$50,572</u>	<u>\$65,753</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income/(Loss)	(\$148,350)	\$83,174	(\$65,176)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Donated Commodities Used During Year	16,407		16,407
Depreciation	4,181		4,181
Change in Assets and Liabilities:			
Increase in Accounts Receivable	(28)		(28)
Increase in Due from Other Funds		(18,953)	(18,953)
Increase in Inventory Held for Resale	(323)		(323)
Decrease in Materials and Supply Inventory	16		16
Increase in Accounts Payable	325		325
Increase in Accrued Wages and Benefits Payable	1,643		1,643
Decrease in Compensated Absences Payable	(8,581)		(8,581)
Increase in Due to Other Funds	856		856
Increase in Intergovernmental Payable	1,231		1,231
Decrease in Claims Payable		(25,840)	(25,840)
Increase in Deferred Revenue	2,610		2,610
Total Adjustments	18,337	(44,793)	(26,456)
Net Cash Used for Operating Activities	(\$130,013)	\$38,381	(\$91,632)

The notes to the general purpose financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Barnesville Exempted Village School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state and/or federal agencies. This Board controls the School District's 4 instructional/support facilities staffed by 51 non-certificated employees, 101 certificated full time teaching personnel and 7 administrative employees to provide services to approximately 1,400 students and other community members.

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

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

Reporting Entity:

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

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

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

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

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

Included within the reporting entity:

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

The School District is associated with four organizations which are defined as jointly governed organizations, a group purchasing pool, or a related organization. These organizations include the Ohio Mid-Eastern Regional Education Services Agency (OME-RESA), Belmont-Harrison Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 17, 18, and 19 to the combined financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Barnesville Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Type:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fiduciary Fund Types:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following fiscal year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

C. Budgetary Process

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

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

Tax Budget:

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

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

Estimated Resources:

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

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

amended certificate issued during fiscal year 1999. At year-end, the school district requested and received an Amended Certificate of Estimated Resources that reflected actual revenue for the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent appropriation adjustments made by the Treasurer at year-end. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

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

During fiscal year 1999, investments were limited to SuperNow and Prime Money Market interest bearing checking accounts.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$74,934. The general fund interest amount included \$19,905 assigned from other School District funds.

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

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two hundred and fifty dollars.

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

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

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

I. Intergovernmental Revenues

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

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement
Equity Funds

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Professional Development
Education Management Information Systems
SchoolNet Grants
Disadvantaged Pupil Impact Aid
Eisenhower Mathematics and Science Education
Title VI-B
Title I
Title VI
Drug-Free Schools

Reimbursable Grants

General Fund

Driver Education
Vocational Education Travel
Vocational Education Equipment

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 72.6 percent of the School District's operating revenue during the 1999 fiscal year.

J. Interfund Assets/Liabilities

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

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

between funds for services provided or goods received are classified as "due from other funds " or "due to other funds" on the balance sheet.

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

Under Ohio law, a debt service retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

being reported in the debt service fund. To comply with GAAP reporting requirements, the School District's debt service retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

M. Interfund Transactions

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

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

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. *Unreserved fund balance* indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, and school bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

O. Contributed Capital

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. At June 30, 1999, the School District had contributed capital of \$130,987.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Total Columns on General Purpose Financial Statements

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

Q. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Accountability

At June 30, 1999, the Title I Special Revenue Fund; and the Food Service Enterprise Fund have deficit fund balances of \$19,575, and \$113,522, respectively, which were created by the application of generally accepted accounting principles.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable
Trust Funds

	General	Special Revenue	Capital Projects	Debt Service	Expendable Trust
GAAP Basis	\$605,382	\$37,024	\$560,420	(\$40,300)	\$3,896
Revenue Accruals	(12,792)	(270)	(4,858)	479	0
Advance-In	41,690	0	85,000	0	0
Advance-Out	(120,554)	(639)	(19,746)	0	0
Expenditure Accruals	131,546	12,478	(6,664)	0	(3,750)
Encumbrances Outstanding					
At Year End	(220,637)	(57,417)	(355,385)	0	0
Budget Basis	\$424,635	(\$8,824)	\$258,767	(\$39,821)	\$146

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

	Enterprise	Internal Service
GAAP Basis	\$2,664	\$83,261
Revenue Accruals	(55,852)	(18,953)
Expense Accruals	14,182	(25,840)
Depreciation Expense	4,181	0
Advance-In	0	35,554
Advance-Out	0	(21,304)
Encumbrances Outstanding At Year End (Budget Basis)	(335)	0
Budget Basis	(\$35,160)	\$52,718

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies may be invested in the following obligations provided they mature or are redeemable within two years from the date of purchase:

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements". Under the provisions of Statement 3, the School District had no investments.

At June 30, 1999, the School District's internal service fund had a cash balance of \$15,017 with OME-RESA, a jointly governed organization (See Note 17). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$2,624,565 and the bank balance was \$2,692,578. Of the bank balance, \$100,000 was covered by federal depository insurance and \$2,592,578 was held by third party trustee in the name of the District.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The School District had no investments at June 30, 1999.

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Due to the School District having no investments at June 30, 1999, cash and cash equivalents are the same for GASB Statements No. 3 and No. 9.

NOTE 6 - PROPERTY TAXES

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$100,051 in the General Fund and \$1,366 in the Bond Retirement Fund. The amount available as an advance at June 30, 1998, was 89,669 in the General Fund and \$1,845 in the Bond Retirement Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - PROPERTY TAXES (continued)

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$51,852,380	81.26%	\$52,702,140	81.12%
Public Utility	7,084,830	11.11	7,109,900	10.94
Tangible Personal Property	4,874,320	7.63	5,152,600	7.94
Total Assessed Value	<u>\$63,811,530</u>	<u>100.00%</u>	<u>\$64,964,640</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$43.00		\$42.80	

NOTE 7 - INCOME TAX

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

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund	
Vocational Reimbursement	\$ 1,423
Enterprise Fund	
Food Service Reimbursements	<u>\$39,418</u>
Total	<u>\$40,841</u>

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$131,506
Less Accumulated Depreciation	<u>(123,478)</u>
Net Fixed Assets	<u><u>\$8,028</u></u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 06/30/98	Additions	Deletions	Balance at 06/30/99
Land and Improvements	\$85,674	\$0	\$0	\$85,674
Buildings and Improvements	5,310,244	0	0	5,310,244
Furniture, Fixtures and Equipment	2,013,464	160,742	30,752	2,143,454
Vehicles	514,151	50,646	0	564,797
Textbooks and Library Books	<u>482,403</u>	<u>0</u>	<u>0</u>	<u>482,403</u>
Totals	<u><u>\$8,405,936</u></u>	<u><u>\$211,388</u></u>	<u><u>\$30,752</u></u>	<u><u>\$8,586,572</u></u>

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Nationwide Insurance for property insurance and inland marine coverage, and for fleet insurance and liability insurance.

Coverages provided by Nationwide Insurance are as follows:

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

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 10 - RISK MANAGEMENT (continued)

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

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Grating Program (the Plan), an insurance purchasing pool (Note 18). The Plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percent of the Plan.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the Plan. *Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.*

Medical, prescription, dental and vision insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool, consisting of participating schools within the OME-RESA computer consortium region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$50,145 reported in the internal service fund at June 30, 1999 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including *estimates of costs relating to incurred but not reported claims, be reported.* The School District's self-insurance program began during fiscal year 1996. The following table reflects changes in claims activity for fiscal year 1998 and fiscal year 1999:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$98,373	\$372,254	\$394,642	\$75,985
1999	\$75,985	489,682	\$515,522	\$50,145

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System(SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 1998, 9.02 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$77,079 \$101,798, and \$94,246, respectively; 40.08 percent has been contributed for fiscal year 1999 and 100 percent for fiscal year 1998 and 1997. \$46,182 representing the unpaid contribution for fiscal year 1998, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6.0 percent was the portion used to fund pension obligations. Prior to July 1, 1998, the portion to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$202,475 \$456,575, and \$423,473, respectively; 80.790 percent has been contributed for fiscal year 1999 and 100 percent for fiscal year 1998 and 1997. \$38,888 representing the unpaid contribution for fiscal year 1998, is recorded as a liability within the respective funds.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, three members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8.0% of covered payroll to the Health Care Reserve Fund, an increase from 3.5 % for fiscal year 1998. For the School District, this amount equaled \$296,966 during 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including surcharge, equaled \$75,669 during the 1999 fiscal year.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Health Care Benefits

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

C. Early Retirement Incentive

The Barnesville Exempted Village School District Board of Education approved a retirement incentive program. Participation was open to employees who were qualified to, and actually did, retire during the period March 1, 1996 through June 30, 1999. The Board did not limit the number of employees participating in the plan in any one year. The Board agreed to pay anyone who retired a lump sum incentive of \$13,000. These expenditures are reflected as program/function expenditures on a budgetary basis.

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
School Improvement Bond 1978 6.00%	\$140,000	\$0	\$70,000	\$70,000
Total Long-Term Debt	140,000	0	70,000	70,000
Compensated Absences	713,007	74,842	0	787,849
Long-Term Pension Obligation	48,904	53,774	48,904	53,774
Total General Long-Term Obligations	<u>\$901,911</u>	<u>\$ 128,616</u>	<u>\$118,904</u>	<u>\$911,623</u>

Barnesville Elementary School Addition General Obligation Bonds

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

Compensated absences will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$5,846,818 with an unvoted debt margin of \$64,965 at June 30, 1999.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 1999 are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$70,000	\$2,100	\$72,100
Total	<u>\$70,000</u>	<u>\$2,100</u>	<u>\$72,100</u>

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 15 - INTERFUND ACTIVITY

At June 30, 1999, the General Fund had the following interfund receivables/payables and due from/due to other:

Fund Type/Fund	Receivables Interfund	Payables Interfund
General Fund	\$120,554	\$0
Capital Projects Funds:		
Permanent Improvements	0	
ADA	0	85,000
Total Capital Projects Funds	0	85,000
Internal Service Fund:		
Self-Insurance Fund	0	35,554
Total Interfund	120,554	120,554

Fund Type/Fund	Receivables Due From	Payables Due To
General Fund	\$0	\$109,746
Special Revenue Funds:		
DPIA	0	4,802
Title VI-B	0	2,401
Title I	0	8,252
Total Special Revenue Funds	0	15,455
Enterprise Fund:		
Food Service	0	3,337
Internal Service Fund:		
Self-Insurance Fund	128,538	0
Total Interfund	128,538	128,538
Grand Total	\$249,092	\$249,092

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Barnesville Exempted Village School District as of and for the fiscal year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$130,474	\$31	\$130,505
Operating Expenses less Depreciation	274,658	16	274,674
Depreciation Expense	4,181	0	4,181
Operating Income (Loss)	(148,365)	15	(148,350)
Donated Commodities	16,407	0	16,407
Operating Grants	134,252	0	134,252
Interest	728	0	728
Operating Transfers-Out	0	(373)	(373)
Net Income (Loss)	3,022	(358)	2,664
Net Working Capital	15,843	117	15,960
Total Assets	71,993	117	72,110
Total Equity	17,465	117	17,582
Encumbrances Outstanding at June 30, 1999	\$335	\$0	\$335

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Services Agency - OME-RESA was created as a regional council of governments pursuant to State Statutes. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coschocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA is governed by a governing board which is selected by the member districts. OME-RESA possesses its own budgeting and taxing authority. To obtain financial information write to Ohio Mid-Eastern Regional Education Service Agency, Debbie Campana, Treasurer, at 2023 Sunset Boulevard, Steubenville, Ohio

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

NOTE 18 - GROUP PURCHASING POOL

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

NOTE 19 - 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.

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 20 - 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 prior year revenues for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

	<u>Textbooks</u>	<u>Capital</u>	<u>Budget</u>	<u>Total</u>
Set-Aside Cash Balances 6/30/98	\$ -0-	\$ -0-	\$ 42,127	\$ 42,127
Current Year Requirements	104,652	104,652	52,326	261,630
Current Year Offsets	(19,776)	(358,986)	(-0-)	(378,762)
Qualifying Disbursements	<u>(100,355)</u>	<u>(-0-)</u>	<u>(-0-)</u>	<u>(100,355)</u>
Total	<u>(15,479)</u>	<u>(254,334)</u>	<u>94,453</u>	<u>(175,360)</u>
Cash Balance Carried Forward to FY2000	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 94,453</u>	\$ 94,453
Amount Restricted for Bus Purchase				<u>38,839</u>
Total Restricted Assets				<u>\$133,292</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 21 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$5,133,290 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided grant money for a building/renovation project. As of June 30, 1999, the School District had received a total of \$11,083 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the Constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

NOTE 22 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

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

Barnesville Exempted Village School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 23 - YEAR 2000 ISSUE

The Year 2000 issue is a result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the School District's operations as early as fiscal year 1999.

The Barnesville Exempted Village School District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting district operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistical reporting.

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits, and the State's Education Management and Information System for its educational statistics reporting. The School District utilizes an external service organization for these services. The external service organization and the State are responsible for remediating these systems.

Belmont County collects property taxes for distribution to the District. Belmont County is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" payments and federal funding. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the School District is or will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be Year 2000 ready.

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

<i>Federal Program</i>	<i>CFDA #</i>	<i>Pass-through Agency Awarding Number</i>	<i>Receipts</i>	<i>Non-Cash Receipts</i>	<i>Expenditures</i>	<i>Non-Cash Expenditures</i>
United States Department of Agriculture						
Passed-through Ohio Department of Education:						
Child Nutrition Cluster:						
Food Distribution	10.550	NA		\$14,515		\$16,407
School Breakfast Program	10.553	NA	14,289		14,289	
National School Lunch Program	10.555	NA	73,893		73,893	
Total Child Nutrition Cluster/Total United States Department of Agriculture			88,182	14,515	88,182	16,407
United States Department of Education						
Passed-through the Ohio Department of Education:						
Title I, Grants to Local Education Agencies	84.010	C1-S1-98/99	357,582		340,073	
Special Education - Grants to States	84.027	6B-SF-98P/99P	91,304		93,769	
Drug-Free School Grants	84.186	DR-S1-98/99	7,885		8,202	
Innovative Education Program Strategies	84.298	C2-S1-97/98/99	5,619		5,603	
Eisenhower Professional Development State Grant	84.281	MS-S1-96	9,189		9,189	
Total United States Department of Education			471,579		456,836	
National Foundation On The Arts And Humanities						
Passed-through State Library of Ohio:						
Library Services and Technology Act Grant	45.310	NA	15,000			
Total National Foundation on the Arts and Humanities			15,000			
Total Federal Awards Receipts and Expenditures			\$574,761	\$14,515	\$545,018	\$16,407

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the School District had no significant food commodities in inventory.



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

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

To Members of the Board:

We have audited the general purpose financial statements of Barnesville Exempted Village School District, Belmont County, Ohio, (the School District), as of and for the year ended June 30, 1999, and have issued our report thereon dated December 3, 1999, which was qualified because of a lack of sufficient evidence supporting sales revenue of the Food Service Fund-Enterprise Fund Type. Except for our procedures related to the Food Service Fund-Enterprise Fund Type, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

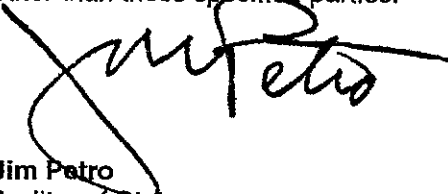
As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated December 3, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-11007-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above as item number 1999-11007-001 is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 3, 1999.

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



Jim Petro
Auditor of State

December 3, 1999



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

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

To Members of the Board:

Compliance

We have audited the compliance of Barnesville Exempted Village School District, Belmont County, Ohio, (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 1999. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the School District in a separate letter dated December 3, 1999.

Internal Control over Compliance

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

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

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



Jim Petro
Auditor of State

December 3, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Qualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions 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 conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions 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 § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I, Part A, IASA; CFDA# 84.010 Nutrition Cluster; CFDA #10.550, 10.553, 10.555
<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?	No

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999
(Continued)

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

Finding Number	1999-11007-001
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Food Service Receipts

The tally sheets used by the School District to support lunchroom receipts did not distinguish between the different dollar amounts of ala carte items sold, nor did the sheets contain totals of items sold. We determined food service employees were adjusting the ala carte amounts recorded on the daily tally sheets so that the total dollar amounts on the tally sheets would reconcile to the dollar amounts actually deposited. As a result, we could not obtain sufficient evidence to support the completeness and accuracy of sales receipts of the Food Service-Enterprise Fund.

We recommend the School District distinguish between the different ala carte items being offered to students on their daily tally sheets and indicate the number of ala carte items sold daily. We also recommend the School District require a review of these daily tally sheets by someone independent of the food service fiscal operations which could be documented by dating and initialing these forms.

3. FINDINGS FOR FEDERAL AWARDS

None.

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
June 30, 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-11007-001	There was a lack of segregation of duties noted with respect to the School District's Food Service Operations.	Yes	Corrective action taken. Monies are collected by cooks at the high school and by cashiers at the elementary buildings. The cooks at the high school and cashiers at the elementary buildings also complete the daily tally sheets. The secretary to the Food Service Director counts the money collected and makes the deposit and pay-in. Additionally, the Food Service Director approved all free and reduced lunch applications during our audit period and <i>application approval will be done by the Assistant Superintendent for FY 2000.</i> Finally, the secretary to the Food Service Director prepares parts of the CN reports, while they are reviewed and compiled by the Food Service Director.
1998-11007-002	There was a lack of control over the recording of ala carte receipts.	No	Not corrected.
1998-11007-003	See #1 above.	Yes	See #1 above.

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
June 30, 1999

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-11007-001	The School District intends to incorporate new procedures for the reporting of ala carte food sales.	6/30/2000	Janet Hissrich, Treasurer



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BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*
Clerk of the Bureau

Date: FEB 01 2000