



**Mary Taylor, CPA**  
Auditor of State

**Barnesville Exempted Village School District  
Belmont County, Ohio**

**Fiscal Emergency Termination**

**Local Government Services Section**

**Barnesville Exempted Village School District  
Belmont County**

**Fiscal Emergency Termination**

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# Mary Taylor, CPA

Auditor of State

## CERTIFICATION

Pursuant to a request sent to the Auditor of State by the Barnesville Exempted Village School District Financial Planning and Supervision Commission, the Auditor of State performed an analysis of the Barnesville Exempted Village School District to determine whether the Commission and its functions under Chapter 3316 of the Ohio Revised Code should be terminated. Based on our analysis, the Auditor of State certifies that the Barnesville Exempted Village School District no longer meets the fiscal emergency conditions set forth in Section 3316.03(B), Revised Code, that the objectives of the financial recovery plan are being met, that an effective financial accounting and reporting system in accordance with Section 3316.10 of the Revised Code had been implemented, and that the Board of Education has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Barnesville Exempted Village School District Financial Planning and Supervision Commission and its role in the operation of the Barnesville Exempted Village School District is terminated as of February 28, 2008.

Accordingly, this report is hereby submitted to the Barnesville Exempted Village School District Board of Education, the Financial Planning and Supervision Commission, Ted Strickland, Governor, J. Pari Sabety, Director of the Office of Budget and Management, Tom Michelli, Mayor of the Village of Barnesville, and Susan Tave Zelman, State Superintendent of Public Instruction.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 28, 2008

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## **Barnesville Exempted Village School District - Belmont County**

### **Report on Termination of the Barnesville Exempted Village School District Financial Planning and Supervision Commission**

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At the request of the Financial Planning and Supervision Commission (the Commission) of the Barnesville Exempted Village School District, Belmont County, Ohio, as provided by Section 3316.16(B) of the Ohio Revised Code, the Auditor of State has performed an analysis to determine whether this Commission and its functions, under Chapter 3316 of the Ohio Revised Code, should be terminated.

#### **The Declaration of Fiscal Emergency**

On December 18, 2003, the Auditor of State declared the Barnesville Exempted Village School District to be in a state of Fiscal Emergency due to the School District's declining fiscal condition and forecasted operating deficit for the fiscal year ending June 30, 2004, of \$1,551,000. The forecasted deficit exceeded fifteen percent of the general fund revenues for the prior fiscal year, and the voting electors of the School District had not passed a levy that would have eliminated the deficit in succeeding fiscal year.

The state of Fiscal Emergency was declared under Section 3316.03(B)(1) of the Ohio Revised Code and a Financial Planning and Supervision Commission was created whose purpose is to direct the School District's return to financial stability.

#### **Termination of Fiscal Emergency**

Under Section 3316.16 of the Ohio Revised Code, a school district financial planning and supervision commission, once established, will continue in existence until the Auditor of State, or the commission itself, determines the following:

1. An effective financial accounting and reporting system is in the process of being implemented, and is expected to be completed within two years;
2. All of the fiscal emergency conditions have been corrected or eliminated, and no new emergency conditions have occurred;
3. The objectives of the financial recovery plan are being met; and,
4. The school district has prepared a financial forecast for a five-year period in accordance with standards issued by the Auditor of State, and such forecast is, in the Auditor's opinion, "nonadverse".

The results of the analysis performed by the Auditor of State to determine if each of these four conditions has been satisfied follows.

#### **Section 1 - Financial Accounting and Reporting System**

When a school district is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the school district's financial accounting and reporting system. The Auditor of State, in accordance with Section 3316.10(A), Revised Code, assessed the methods, accuracy, and legality of the accounts, records, files, and reports of the Barnesville Exempted Village School District and issued a Report on Accounting Methods, dated April 13, 2004. The report identified areas where the School District's financial accounting and reporting system were not in compliance with Section 117.43, Revised Code, and the requirements of the Auditor of State.

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The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation and is expected to be completed within two years. This determination is based on management providing a summary of the actions taken to address the issues identified in the Financial Accounting Report. We confirmed whether the actions taken by management were sufficient to correct these issues identified in the Financial Accounting Report. A summary of each area of noncompliance identified in the Report on Accounting Methods and the status of each corrective action is presented below.

#### **Budgetary Process**

##### Auditor of State Comment from Report on Accounting Methods:

- Section 5705.39, R.C. states that the total appropriation from each fund shall not exceed the estimated revenues. At June 30, 2003, total appropriations exceeded estimated revenues in the Food Service Enterprise Fund and in the Self Insurance Internal Service Fund. The School District should monitor appropriations and estimated revenues more closely to ensure that appropriations do not exceed estimated revenues.

##### Implemented:

The Board currently adopts appropriations that do not exceed the amended certificate of estimated resources in existence at the time of adoption. In order to facilitate monitoring, the Treasurer has developed a budgetary compliance worksheet that is updated and monitored regularly. The District has not received a non-compliance citation in the audit reports for the fiscal years ended June 30, 2005 and June 30, 2006.

##### Auditor of State Comment from Report on Accounting Methods:

- The School District should update its Policies and Procedures Manual regarding its budgetary process. The Policies Manual should properly reflect all aspects of the preparation of each budgetary document and the filing of documents with the county budget commission and the Department of Education. The Policies and Procedures Manual should address the level at which the Board of Education adopts appropriations, the levels at which the Treasurer may allocate appropriations, the reports to be used to monitor appropriations and the frequency that monitoring is to occur. In addition, the Policies and Procedures Manual needs to be updated to address five year forecast requirements, addressing the dates that the forecast is to be submitted to the Ohio Department of Education. The Policies Manual has not been updated since it was adopted on March 21, 1989.

##### Implemented:

The Barnesville Exempted Village School District adopted updated policies regarding budgetary processes on February 16, 2006. The adopted policy addresses the budgetary process of each budgetary document, including the filing of these documents with the county budget commission and the Department of Education. The policy also addresses the legal level of control established by the Board of Education and the level at which the Treasurer may allocate appropriations. The policy addresses the five year forecast requirements and filing dates and requirements. In addition to the updated Board policies, the Treasurer has developed internal procedures to be used for the budgetary process that address the

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### **Report on Termination of the Barnesville Exempted Village School District Financial Planning and Supervision Commission**

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timeline and documents associated with the budgetary process as well as provides for the timelines for review of these documents.

#### Auditor of State Comment from Report on Accounting Methods:

- The Treasurer and Superintendent's job descriptions should be amended to include their responsibilities for the requirements of 5705.412, Revised Code, certificates. The policy should address the requirement that a continuing record of contracts which have been certified is to be maintained, including adequate documentation to justify the certification. The continuing record must include, but is not limited to, vendor name, contract amount, contract amount allocated by year, purchase order number and date. The job descriptions should also indicate that both are required to sign the certificates.

#### Implemented:

The Treasurer and Superintendent's job descriptions were updated with the revisions to the Board Policy Manual. The Treasurer's internal procedures address the 5705.412 requirements and require a continuing record of 5705.412, Revised Code certificates to be maintained and be signed by the Superintendent and Treasurer. The procedures identify the documentation that must be maintained.

#### Auditor of State Comment from Report on Accounting Methods:

- The fiscal year 2003 Board-adopted appropriation measures did not have a certification of available revenues attached as required by Section 5705.412, Revised Code. Section 5705.412, Revised Code requires a certificate of available revenue be attached to each appropriation measure, except a temporary appropriation measure meeting certain criteria. Under Section 3301-92-05(E) of the Ohio Administrative Code, each school district shall maintain sufficient documentation to justify each certification made under Section 5705.412 of the Revised Code, and must identify the actual date of certification.

#### Implemented:

The Treasurer includes a copy of the certificate of available resources with each appropriation measure adopted by the Board of Education. Although not required, the Board of Education approves the amended certificate of available resources with the annual appropriation measure. The District has not received a non-compliance citation in the audit reports for the fiscal years ended June 30, 2005 and June 30, 2006.

#### Auditor of State Comment from Report on Accounting Methods:

- The School District must request an amended certificate of estimated resources for new revenue sources prior to amending appropriations. The School District has historically requested an amended certificate of estimated resources subsequent to the adoption of amended appropriations when new grant monies were received.



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#### Implemented:

The Treasurer includes a copy of the certificate of available resources with each appropriation measure adopted by the Board of Education. The School District has not received a non-compliance citation in the audit reports for the fiscal years ended June 30, 2005 and June 30, 2006.

#### Auditor of State Comment from Report on Accounting Methods:

- At the end of fiscal year 2003, the School District's Self-Insurance Internal Service fund had a negative cash balance. This is an indication of non-compliance with budgetary laws. The School District must monitor fund balances and either not approve expenditures for which cash is not available or advance money from another fund to temporarily provide necessary cash.

#### Implemented:

The School District terminated participation in the self-insurance program. The School District utilizes a Health Maintenance Organization for insurance coverage. The School District monitors all fund balances monthly and advances money to temporarily provide cash when necessary and required. The School District has not received a non-compliance citation in the audit reports for the fiscal years ended June 30, 2005 and June 30, 2006.

### **Revenue Activity**

#### Auditor of State Comment from Report on Accounting Methods:

- The School District should adopt an NSF check policy. This should be done to ensure that the School District properly accounts for the removal of the transaction from its books. The School District currently deals with the situation as it occurs. The frequency of receiving NSF is very limited, which is why no formal policy currently exists.

#### Implemented:

The School District adopted a policy regarding NSF Checks with the Board Policy Manual update on February 16, 2006.

#### Auditor of State Comment from Report on Accounting Methods:

- The School District should enforce the use of fundraising projection forms for student activity fundraisers. Currently, not all forms are properly completed nor forwarded to the Treasurer's office in a timely manner. The first part of the form should be turned in prior to the start of the fundraiser to provide information as to what will be sold, proposed cost per unit and the proposed sales price per unit. Upon completion of the fundraiser, the second part of the form should be promptly completed by the activity advisor to provide detailed information about total units sold and actual sales price per unit. This form should accompany the money collected when given to the Treasurer's office. The proper and timely completion of the form will allow the EMIS Assistant Treasurer to more closely review the sales project potential forms to ensure that the proper amount of money has been collected.

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Implemented:

The School District requires all student activity forms to be completed in a timely manner. In order to help assure the timely and complete filing of student activity forms, the School District has implemented a procedure by which the building principal or supervisor must authorize payment of the supplemental salary upon the fulfillment of all requirements, including the completion of the student activity forms.

Auditor of State Comment from Report on Accounting Methods:

- Deposit tickets should be pre-numbered to insure that all deposit tickets are accounted for.

Implemented:

The School District's depository does not provide pre-numbered deposit tickets, but the District does account for all deposits through the reconciliation process along with the use of pre-numbered receipts that are attached to the deposit slips.

Auditor of State Comment from Report on Accounting Methods:

- The School District should update its Policies Manual regarding its revenue process. The Policies Manual should properly reflect all aspects and functions of the School District regarding the collection and recording of receipts and the proper segregation of duties involved with the revenue process. In particular, the Policies Manual needs to address a formalized process in the areas relating to student activities and food service to reduce the number of discrepancies between cash collections and amounts reflected on sales project potential form and the food service sales form.

Implemented:

The Treasurer has developed and implemented internal procedures used in the receipt process. The procedures address the collection, recording and posting of all receipts including student activities and food service.

Auditor of State Comment from Report on Accounting Methods:

- The School District should update the job descriptions of all positions handling the receipt and recording of revenue to more accurately reflect the duties that are to be performed by each individual.

Implemented:

The Treasurer has implemented procedures relating to the handling and receipt of money that set forth the requirements for the collection and receipt of revenue. These procedures are currently being followed by all personnel assigned to collect and receipt revenue.

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#### Auditor of State Comment from Report on Accounting Methods:

- All forms used to account for the collection of monies should be initialed by the preparer and include the appropriate approval. Deposit tickets and the documentation submitted with the deposit tickets for athletic and student activity events did not consistently have the signature of the person who had prepared the form or the signature of the individual that reviewed and approved the form. Lunchroom forms were signed by the Treasurer, but had no signature or initials of the preparer.

#### Implemented:

The School District requires two signatures/initials on all athletic, student activity and food service receipts prior to the deposit being made at the bank. The signature/initials represents the individual collecting the funds and the second signature/initials represents the individual recounting/verifying the receipt.

#### Auditor of State Comment from Report on Accounting Methods:

- The Board of Education should adopt a policy that sets forth the requirements of the timing of the deposit of funds. Money collected in the various buildings is deposited weekly, or when amounts reach five hundred dollars. This is contrary to Section 9.38, Revised Code, which states in part “if the total amount of the public moneys received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period.” The School District does not currently have a policy.

#### Implemented:

The Treasurer has developed and implemented procedures to be used for the deposit of funds. The procedures require the deposit of funds within 24 hours.

### **Purchasing Process**

#### Auditor of State Comment from Report on Accounting Methods:

- The School District needs to implement policies pertaining to payments on purchase orders that exceed the amount encumbered. The Treasurer has no written guidance on which to base his actions. When amounts materially exceed the original purchase order amounts, the Treasurer should prepare a “Then and Now” certificate for approval by the Board.

#### Implemented:

The School District has implemented a policy regarding payments on purchase orders that exceed the amount encumbered or for which there was no purchase order issued. The policy addresses the use of “Then and Now Certificates” and provides guidance for the use of this kind of certification.

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Auditor of State Comment from Report on Accounting Methods:

- The School District should update its Policies Manual regarding its purchasing process. The Policies Manual should properly reflect all responsibilities of School District personnel regarding the preparation of requisition forms, purchase orders, and vouchers as required by the Board of Education.

Implemented:

The Board of Education had adopted policies regarding the purchasing process, which include responsibilities of School District personnel and the appropriate forms including requisitions, purchase orders, and vouchers.

**Cash Disbursements**

Auditor of State Comment from Report on Accounting Methods:

- The Treasurer currently does not sign off on the check pay reports or check batch reports. The Treasurer should sign off on the check batch report to indicate that the report was reviewed and that adequate fund cash was available for the payment of the invoices listed. The Treasurer should compare the check pay report to the vouchers and sign off on the report on a more frequent basis to ensure that purchases are reasonable.

Implemented:

Prior to the issuance of checks, the Treasurer reviews the check batch and check pay reports to ensure that cash is available for payment of invoices as well as that the purchases are reasonable. The Board of Education also formally approves, by resolution, the check pay reports monthly.

Auditor of State Comment from Report on Accounting Methods:

- The School District should update its Policies Manual regarding its cash disbursements. The Policies Manual should identify the process that the Board of Education requires to be followed by individuals responsible for the payment of School District obligations. In addition, the Policies Manual should indicate the frequency and type of reports the Board of Education deems necessary. The Policies Manual should clearly identify all aspects and functions of the School District personnel regarding the disbursement of cash and the segregation of duties involved with the cash disbursement process. In addition, the rotation of duties among Assistant Treasurers should be considered to insure that cross-training occurs. The Policies Manual has not been updated since it was adopted on March 21, 1989.

Implemented:

The School District adopted policies regarding the cash disbursement and purchasing processes which address the individual responsibilities of those involved in the process. The Treasurer randomly assigns work to the Assistant Treasurers to ensure that cross-training occurs.

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#### **Payroll Processing**

##### Auditor of State Comment from Report on Accounting Methods:

- The School District should update its Policies Manual regarding its payroll processing to more accurately depict the duties, processes and segregation of duties involving the payroll process.

##### Implemented:

The School District has adopted policies regarding the payroll processing. The Treasurer has also implemented payroll procedures that document that process as well as the distribution of the payroll checks.

##### Auditor of State Comment from Report on Accounting Methods:

- The School District should request detailed information from OME-RESA for claims paid by the self insurance program that were subject to stop loss reimbursement. This will enable the School District to determine if any amounts are owed to the School District from the internal stop loss pool for claims paid in excess of \$35,000 per individual up to \$75,000. This will also enable the School District to determine if any individual claims above \$75,000 that are subject to external stop loss reimbursement are owed to the School District.

##### Implemented:

The School District no longer participates in the OME-RESA self insurance program for health insurance. The School District currently offers coverage through a fully-insured HMO plan, and contracts with a broker to provide services pertaining to the contracting and managing of the School District's insurance plan.

#### **Debt Administration**

##### Auditor of State Comment from Report on Accounting Methods:

- The School District should consider inquiring with bond counsel about refunding the outstanding bonds. The School District may be able to refund the outstanding bonds at a more favorable interest rate that will result in cash savings.

##### Implemented:

The School District undertook a partial refunding during fiscal year 2007 which resulted in the retirement of \$1,685,000 of the original 2000 School Facilities Bonds. This partial refunding resulted in an economic gain of \$102,359. A complete description of the refunding can be found in the School District's fiscal year 2007 General Purpose External Financial Statements.

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**Report on Termination of the Barnesville Exempted Village School District  
Financial Planning and Supervision Commission**

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**Capital Assets and Supplies Inventory**

Auditor of State Comment from Report on Accounting Methods:

- As an additional control over capital assets and to prevent theft or loss and to confirm the accuracy of the capital asset records, a physical inventory of capital assets should be taken by the School District on a periodic basis.

Implemented:

The School District underwent an in-house physical inventory during fiscal year 2006. The School District's policy provides for a physical inventory to be taken every five years. The Treasurer's internal procedures provide for the annual review of capital assets and set forth the responsibilities of all staff involved in the process of updating the capital assets.

Auditor of State Comment from Report on Accounting Methods:

- The School District should update its Policies Manual regarding its capital assets to more accurately depict the duties, processes and segregation of duties relating to the acquisition, maintenance and disposition of capital assets. The policies need to address such items as useful lives, depreciation methods and capitalization thresholds. In addition, the policies need to address the periodic inventory of capital assets, and should establish a multi-year plan for capital asset acquisitions in conjunction with required set-asides for textbooks, instructional materials and capital acquisitions. The Policies should also address how computer equipment is to be tracked and the frequency in which it will be replaced. The policies should address the individuals responsible for tracking equipment to insure that there is none missing. For personal items brought to the buildings by employees, the policies should address how these are to be identified. The supplies inventory policy needs to be updated to address the frequency of the inventory, items to be inventoried, method to be used, individuals responsible for inventory items and individuals responsible for verifying the count. In addition, the policy needs to address that a review process is in place to insure that amounts purchased are reasonable.

Implemented:

The School District has adopted capital assets policies that address the items listed above. The Treasurer has also implemented capital assets procedures to value, track, and maintain the capital assets inventory.

**Cash Management and Investing**

Auditor of State Comment from Report on Accounting Methods:

- The School District needs to implement a formal investment policy to be approved by the Board. In the absence of an approved formal investment policy, Section 135.14 (O) (2), Revised Code, investments are limited to no-load money market mutual funds or the Ohio subdivision's fund.

**Barnesville Exempted Village School District - Belmont County**

**Report on Termination of the Barnesville Exempted Village School District  
Financial Planning and Supervision Commission**

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Implemented:

The School District has adopted a formal investment policy.

Auditor of State Comment from Report on Accounting Methods:

- Preparation of the bank reconciliations should be rotated among the Assistant Treasurers and Treasurer.

Implemented:

The Treasurer rotates the preparation of bank reconciliations frequently.

Auditor of State Comment from Report on Accounting Methods:

- The School District should update its Policies Manual regarding its cash management and investing processes to more accurately depict the duties, processes and segregation of duties involving cash management and investing.

Implemented:

The School District's investment policy includes the cash management processes.

**Financial Reporting**

Auditor of State Comment from Report on Accounting Methods:

- The duties and responsibilities of the Treasurer in the Policies Manual needs to be updated to address that the School District must file GAAP basis financial statements within 150 days after fiscal year end.

Implemented:

The School District has adopted a job description for the Treasurer as part of the Board Policy update that requires the Treasurer to "complete and file at proper times all forms, reports, papers and other requirements as prescribed by Auditor, Department of Education, or other State or local agencies".

**Recording Official Proceedings**

Auditor of State Comment from Report on Accounting Methods:

- The Board of Education needs to ensure that the record of proceedings for each meeting is approved at the succeeding board meeting. Multiple records of proceedings of prior meetings are being approved at once, rather than at each succeeding meeting.

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#### Implemented:

The Board of Education minutes are approved by resolution at the next scheduled regular meeting.

#### Auditor of State Comment from Report on Accounting Methods:

- The School District needs to ensure that the President of the Board of Education and the Treasurer sign off on each record of proceedings for each meeting after approval by the Board of Education. Not all current board minutes have been signed by both the President and the Treasurer.

#### Implemented:

The Treasurer and Board President sign the minutes following the meeting they are approved by the Board of Education.

### **Section 2 - Fiscal Emergency Conditions**

The Auditor of State shall issue an order, under Section 3316.03, Revised Code, declaring a school district to be in a state of fiscal emergency if the Auditor of State determines a school district meets any of the criteria for fiscal emergency. The criteria are as follows:

1. An operating deficit has been certified for the current fiscal year, and the certified operating deficit exceeds 15 percent of the school district's general fund revenue for the preceding fiscal year and a levy has not been passed by the voters that will raise enough additional revenue to eliminate the first condition in the succeeding fiscal year.
2. The school district board fails to submit a plan acceptable to the State Superintendent of Public Instruction within 120 days of the declaration of fiscal watch, or an updated plan no later than the anniversary of the date on which the first plan was approved.
3. The Superintendent of Public Instruction has reported to the Auditor of State that the school district is not materially complying with the provision of an original or updated plan as approved by the State Superintendent, and that the State Superintendent has determined a declaration of a state of fiscal emergency is necessary to prevent further fiscal decline, and the Auditor of State finds that the determination of the Superintendent is reasonable.
4. A declaration is made under Section 3316.04 of the Ohio Revised Code for a school district that has restructured or refinanced an emergency operating loan under Section 3316.041 of the Ohio Revised Code; and,
5. The Auditor of State may issue an order declaring a school district to be in a state of fiscal emergency if (1) an operating deficit has been certified for the current fiscal year, and the certified operating deficit exceeds 10 percent, but does not exceed 15 percent, of the school district's general fund revenue for the preceding fiscal year; (2) a levy has not been passed by the voters that will raise enough additional revenue to eliminate the first condition in the succeeding fiscal year; and, (3) the Auditor of State determines that a declaration of fiscal emergency is necessary to correct the district's fiscal problems and to prevent further fiscal decline.



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In order to be released from fiscal emergency, a school district must have corrected or eliminated the fiscal emergency conditions that existed at the time of the emergency declaration and no new emergency conditions may have occurred.

The results of our analysis of the fiscal emergency conditions are as follows:

1. The School District no longer has an operating deficit in the general fund and does not anticipate any future deficits based on the School District's five year forecast.
2. The State Superintendent of Public Instruction has not reported to the Auditor of State any material noncompliance with the original or amended financial recovery plan.
3. The School District has not restructured or refinanced an emergency operating loan under Section 3316.041 of the Ohio Revised Code.

#### **Section 3 - Financial Recovery Plan**

We obtained and reviewed a copy of the latest financial recovery plan of the School District, dated April 7, 2004, and revised on April 13, 2005. The Treasurer of the School District and the Chairperson of the Financial Planning and Supervision Commission provided us with a summary of the key provisions of the plan and the actions taken to achieve the provisions of the plan, which were confirmed by us. The key provisions of the financial plan are as follows:

1. Staff from the Ohio Department of Education, in conjunction with the School District Administrative staff, is to prepare a School District staffing analysis.
2. The School District will request a solvency assistance advance.
3. The School District will make personnel reductions.
4. The School District will consider levy options.

Actions taken to achieve the provisions of the plan include the following:

1. Completed a staffing analysis which was the basis for the reduction in force;
2. Requested and received a solvency assistance fund advance in the amount of \$1,551,000;
3. Beginning in fiscal year 2005, the School District reduced 1 administrative position, 18 certified positions, 16.5 classified positions, and reduced supplemental and extended service contracts by \$121,000, resulting in a savings of approximately \$1,540,000 in fiscal year 2005 when compared to fiscal year 2004; and
4. Placed income tax levies on the ballot in 2003, 2004, and 2005, all of which failed.

## **Barnesville Exempted Village School District - Belmont County**

### **Report on Termination of the Barnesville Exempted Village School District Financial Planning and Supervision Commission**

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#### **Section 4 - Five Year Forecast**

The Auditor of State examined the School District's financial forecast for the fiscal years ending June 30, 2008 through 2012. The School Districts' five year forecast (see Appendix A) presents a positive unencumbered and unreserved general fund balance for the forecasted period. The Auditor of State, in a report dated February 6, 2008, rendered a "nonadverse" opinion on the financial forecast.

#### **Section 5 - Conclusion**

Based on our review, the Auditor of State has determined the following:

1. The School District has adopted and implemented an effective accounting and reporting system.
2. The School District has corrected or eliminated all the fiscal emergency conditions, no new conditions have occurred, and it appears that, based on the five-year financial forecast, the School District will remain out of fiscal emergency during the forecast period.
3. The School District has met the major objectives of the Financial Recovery Plan; and,
4. The School District has prepared a financial forecast for a five-year period in accordance with standards issued by the Auditor of State, and the opinion expressed by the Auditor of State is "nonadverse".

Therefore, the Auditor of State has determined that the Financial Planning and Supervision Commission of the Barnesville Exempted Village School District and its functions may be terminated.

It is understood that this report's determination is for the Barnesville Exempted Village School District Board of Education, the Financial Planning and Supervision Commission, Ted Strickland, Governor, J. Pari Sabety, Director of the Office of Budget and Management, Tom Michelli, Mayor of the Village of Barnesville, and Susan Tave Zelman, State Superintendent of Public Instruction, and others as designed by the Auditor of State, and is not to be used for any other purpose.

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Financial Planning and Supervision Commission**

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**DISCLAIMER**

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

**APPENDIX A**

**Barnesville Exempted Village School District**  
Belmont County, Ohio

**Financial Forecast**

**For the Fiscal Years Ending June 30, 2008 through June 30, 2012**

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**Barnesville Exempted Village School District – Belmont County**

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# Mary Taylor, CPA

## Auditor of State

Board of Education  
Barnesville Exempted Village School District  
210 West Church Street  
Barnesville, Ohio 43713

### Independent Accountant's Report

We have examined the accompanying forecasted statement of revenues, expenditures and changes in fund balance of the general fund of the Barnesville Exempted Village School District for the fiscal years ending June 30, 2008 through 2012. The Barnesville Exempted Village School District's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for the Board's forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying statement of revenues, expenditures and changes in fund balance of the general fund of the Barnesville Exempted Village School District for the fiscal years ended June 30, 2005, 2006 and 2007 were compiled by us in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them. Management has elected to omit substantially all of the disclosures associated with the historical financial statements; these disclosures might influence a user's conclusions regarding the School District's results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

February 6, 2008

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Barnesville Exempted Village School District - Belmont County  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Years Ended June 30, 2005 Through 2007 Actual;  
For the Fiscal Years Ending June 30, 2008 Through 2012 Forecasted  
General Fund

	Fiscal Year 2005 Actual	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual
<b>Revenues</b>			
General Property Tax	\$1,793,000	\$1,864,000	\$1,929,000
Tangible Personal Property Tax	156,000	191,000	137,000
Unrestricted Grants-in-Aid	5,517,000	5,465,000	5,517,000
Restricted Grants-in-Aid	403,000	420,000	416,000
Property Tax Allocation	316,000	273,000	298,000
All Other Revenues	477,000	495,000	571,000
<i>Total Revenues</i>	<u>8,662,000</u>	<u>8,708,000</u>	<u>8,868,000</u>
<b>Other Financing Sources</b>			
Advances In	149,000	35,000	43,000
All Other Financing Sources	21,000	15,000	7,000
<i>Total Other Financing Sources</i>	<u>170,000</u>	<u>50,000</u>	<u>50,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>8,832,000</u>	<u>8,758,000</u>	<u>8,918,000</u>
<b>Expenditures</b>			
Personal Services	4,519,000	4,385,000	4,342,000
Employees' Retirement/Insurance Benefits	1,933,000	1,873,000	1,853,000
Purchased Services	796,000	959,000	1,037,000
Supplies and Materials	209,000	377,000	390,000
Capital Outlay	6,000	82,000	207,000
Debt Service:			
Principal - Solvency Assistance Loan	776,000	776,000	0
Other Objects	110,000	120,000	128,000
<i>Total Expenditures</i>	<u>8,349,000</u>	<u>8,572,000</u>	<u>7,957,000</u>
<b>Other Financing Uses</b>			
Advances Out	35,000	43,000	8,000
<i>Total Expenditures and Other Financing Uses</i>	<u>8,384,000</u>	<u>8,615,000</u>	<u>7,965,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	448,000	143,000	953,000
Cash Balance July 1	516,000	964,000	1,107,000
Cash Balance June 30	964,000	1,107,000	2,060,000
<b>Encumbrances and Reserves:</b>			
Actual/Estimated Encumbrances June 30	101,000	176,000	318,000
Reservation of Fund Balance for Bus Purchase	32,000	0	14,000
Total Encumbrances and Reservations of Fund Balance	<u>133,000</u>	<u>176,000</u>	<u>332,000</u>
Unencumbered/Unreserved Fund Balance June 30	<u>\$831,000</u>	<u>\$931,000</u>	<u>\$1,728,000</u>

See accompanying summary of significant forecast assumptions and accounting policies  
See accountant's report

Fiscal Year 2008 Forecasted	Fiscal Year 2009 Forecasted	Fiscal Year 2010 Forecasted	Fiscal Year 2011 Forecasted	Fiscal Year 2012 Forecasted
\$1,960,000	\$1,970,000	\$2,000,000	\$2,030,000	\$2,060,000
88,000	29,000	8,000	4,000	0
5,524,000	5,524,000	5,524,000	5,524,000	5,524,000
376,000	367,000	367,000	367,000	367,000
340,000	381,000	430,000	438,000	432,000
673,000	617,000	617,000	617,000	617,000
<u>8,961,000</u>	<u>8,888,000</u>	<u>8,946,000</u>	<u>8,980,000</u>	<u>9,000,000</u>
8,000	15,000	15,000	15,000	15,000
8,000	8,000	8,000	8,000	8,000
<u>8,977,000</u>	<u>8,911,000</u>	<u>8,969,000</u>	<u>9,003,000</u>	<u>9,023,000</u>
4,693,000	5,041,000	5,174,000	5,295,000	5,420,000
1,962,000	2,128,000	2,266,000	2,452,000	2,657,000
1,104,000	1,091,000	1,145,000	1,199,000	1,218,000
400,000	414,000	422,000	436,000	445,000
327,000	120,000	120,000	120,000	50,000
0	0	0	0	0
157,000	160,000	163,000	167,000	170,000
<u>8,643,000</u>	<u>8,954,000</u>	<u>9,290,000</u>	<u>9,669,000</u>	<u>9,960,000</u>
15,000	15,000	15,000	15,000	15,000
<u>8,658,000</u>	<u>8,969,000</u>	<u>9,305,000</u>	<u>9,684,000</u>	<u>9,975,000</u>
319,000	(58,000)	(336,000)	(681,000)	(952,000)
<u>2,060,000</u>	<u>2,379,000</u>	<u>2,321,000</u>	<u>1,985,000</u>	<u>1,304,000</u>
2,379,000	2,321,000	1,985,000	1,304,000	352,000
144,000	120,000	120,000	120,000	120,000
0	0	0	0	13,000
<u>144,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>133,000</u>
<u>\$2,235,000</u>	<u>\$2,201,000</u>	<u>\$1,865,000</u>	<u>\$1,184,000</u>	<u>\$219,000</u>

## **Barnesville Exempted Village School District**

*Belmont County*

Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2008 through June 30, 2012

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### **Note 1 – The School District**

The Barnesville Exempted Village School District (School District) serves an area of approximately 136 square miles. It is located in Belmont County, and includes all of the Village of Barnesville, Warren Township, Somerset Township, Kirkwood Township, along with portions of Wayne Township, Flushing Township, and Goshen Township. The School District is organized under Article VI, Sections 2 and 3, of the Constitution of the State of Ohio. 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 currently operates four instructional/support buildings staffed by 7 administrative employees, 49 non-certified employees, and 80 certificated full time teaching personnel who provide services to 1,157 students and other community members.

### **Note 2 - Nature of the Forecast**

This financial forecast presents, to the best of the Barnesville Exempted Village School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of February 6, 2008, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

### **Note 3 – Nature of the Presentation**

The forecast presents the revenues, expenditures and changes in fund balance of the general fund. Under State law, certain general fund resources received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also require general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund. For presentation in the forecast, the poverty based assistance fund and the general fund supported debt are included in the general fund.

### **Note 4 - Summary of Significant Accounting Policies**

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

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the required budget (non-GAAP) basis of accounting used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

## **Barnesville Exempted Village School District**

*Belmont County*

Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2008 through June 30, 2012

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### **B. - Fund Accounting**

The School District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

#### **Governmental Funds**

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

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

Debt Service Fund - Debt service funds account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.

Capital Projects Funds - Capital projects funds account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Permanent Funds - Permanent funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the School District of its students.

#### **Proprietary Funds**

Enterprise Funds - Enterprise funds account for any activity for which a fee is charged to external users for goods or services.

Internal Service Funds - Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments on a cost-reimbursement basis.

#### **Fiduciary Funds**

Fiduciary funds account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations or other government units. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds.

### **C. - Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations

## **Barnesville Exempted Village School District**

*Belmont County*

Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2008 through June 30, 2012

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cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Budget – A budget of estimated cash receipts and disbursements is submitted to the Belmont County Auditor, as secretary of the county budget commission, by January 20 of each year, for the succeeding fiscal year.

Estimated Resources - The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

### **Note 5 - General Operating Assumptions**

The Barnesville Exempted Village School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. The forecast contains those expenditures the Board of Education has determined to be necessary to provide for an adequate educational program.

### **Note 6 - Significant Assumptions for Revenues and Other Financing Sources**

#### **A. - General and Tangible Personal Property Taxes**

Property taxes are applied to real estate, public utility real and personal property, manufactured homes, and tangible personal property used in business which are located within the School District. Property taxes are collected for, and distributed to, the School District by the Belmont County Auditor and Treasurer. The School District may request advances from the Belmont County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the School District are paid. Final settlement dates on which collections are distributed to the School District are set by State Statute. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenue.

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. Property tax revenue received during calendar year 2007 (the collection year) for real and public utility property taxes represents collections of 2006 taxes (the tax year). Property tax

## Barnesville Exempted Village School District

Belmont County

Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2008 through June 30, 2012

payments received during calendar year 2007 for tangible personal property (other than public utility property) are for calendar year 2007 taxes. First half calendar year tax collections are received by the School District in the second half of the fiscal year. Second half calendar year tax distributions occur in the first half of the following fiscal year.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the School District for all revenues lost due to these exemptions. The amount of the reimbursement is presented in the account "property tax allocation". Beginning in collection year 2006, the State of Ohio eliminated the ten percent rollback on commercial and industrial real property. The change increased real property taxes collected against commercial and industrial real property and decreased property tax allocation revenue.

The forecast excludes the receipt of any advances in June against the next fiscal year's scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. Currently, it is the Board's intent not to request any such advances for fiscal years 2008 through 2012.

The property tax revenues for the general fund are generated from several levies. The current levies being collected for the General Fund, the year approved, last year of collection, and the full tax rate are as follows:

<u>Tax Levies</u>	<u>Year</u> <u>Approved</u>	<u>Last Year</u> <u>of Collection</u>	<u>Full Tax Rate</u> <u>(per \$1,000 of</u> <u>assessed valuation)</u>
Inside Ten Mill Limitation (Unvoted)	n/a	n/a	\$3.90
Continuing Operating	1976	n/a	21.05
Continuing Operating	1981	n/a	6.50
Continuing Operating	1991	n/a	9.00
Total Tax Rate			<u>\$40.45</u>

The School District has other levies that total \$3.50 per \$1,000 of assessed value; \$3.00 is used for the payment of bonds issued for the construction of school facilities, and \$0.50 is used for the upkeep and maintenance of buildings constructed as part of a school facilities project. The School Districts' total rate is \$43.95 per \$1,000 of assessed value.

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of property tax revenues on carry-over property as in the prior year. For all voted levies except emergency and debt levies, increases in revenues are restricted to amounts generated from new construction. Emergency and debt levies are intended to generate a set amount of revenue annually. The revenue generated by emergency and debt levies is not affected by changes in real property valuation. The reduction factors are computed annually and applied separately for residential/agricultural property and commercial/industrial property. Reduction factors are not applied to inside millage (an unvoted levy) and tangible personal property levy rates. State law also prohibits the reduction factors from reducing the effective millage of the sum of the general fund current operating levies (excluding emergency levies) plus inside millage below 20 mills. The effective residential and agricultural rate is \$20.69 per \$1,000 of assessed valuation for general fund levies and \$3.40 for all other levies for collection year of 2008. The effective commercial and industrial rate is \$23.84 per \$1,000 of assessed valuation for general fund levies and \$3.43 for all other levies for the collection year of 2008.

## **Barnesville Exempted Village School District**

*Belmont County*

Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2008 through June 30, 2012

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Public utility real and personal property taxes are collected and settled by the county with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies. The State of Ohio reimburses the School District for the loss of tangible personal property taxes as a result of these changes within certain limitations (see Property Tax Allocation Revenue below).

General Property Tax - General property tax revenue includes real estate taxes, public utility property taxes and manufactured home taxes. The amounts shown in the revenue section of the forecast schedule represent gross property tax revenue, and are based upon anticipated increases in assessed valuations and existing tax levies. The anticipated assessed valuations take into account increases from reappraisals and updates that will occur during the forecast in fiscal year 2009 (update) and in fiscal year 2012 (reappraisal) and increases in assessed valuations from new construction of two new housing developments.

The School District anticipates slight increases in general property taxes for the first four years of the forecast period because of new construction. In tax years 2009 and 2012, the Belmont County Auditor will perform a reappraisal and an update for the School District, respectively, which should increase assessed valuations and real property tax receipts in collection years 2010 and 2013, respectively.

Tangible Personal Property Tax – Tangible personal property tax is levied on machinery and equipment, furniture and fixtures, and inventory of businesses. Effective for tax years 2005 and 2006, the 23 percent assessment rate on business inventory was to be reduced by two percent if the total statewide collections of personal property taxes for the second preceding year exceed the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by two percent per year until it is completely phased out regardless of the growth in collections.

Beginning in 2006, House Bill 66 will phase out, by 25 percent each year, tangible personal property tax on most business inventory, manufacturing machinery and equipment, and furniture and fixtures. This change supersedes the changes and phase out periods addressed above. No tangible personal property taxes will be levied or collected in calendar year 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010). Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The School District, based on the last year of collections before the phase out period, will lose approximately \$433,000 annually when the tangible personal property tax is completely phased out in 2009. The State of Ohio will reimburse the School District for the loss of tangible personal property taxes as a result of the changes in House Bill 66 within certain limitations (see Property Tax Allocation below). The decrease in revenue during fiscal years 2008 through 2012 is a result of the tax changes above.

**Barnesville Exempted Village School District**

*Belmont County*

Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2008 through June 30, 2012

**B. - Unrestricted Grants-in-Aid**

Unrestricted Grants-in-Aid include formula aid and various categorical aid programs such as special and gifted education, career and technical education, and transportation. Other programs such as equity and parity aid, excess cost supplement, and charge-off supplement which are provided to address certain policy issues or correct flaws in formula aid are also included in this revenue.

The State's foundation program is established by Chapter 3317 of the Ohio Revised Code. The semi-monthly payments are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM), times a per pupil foundation level less the equivalent of 23 mills times the school district's taxable property valuation. In prior years, the per pupil foundation amount was increased by a regional cost of doing business factor. The regional cost of doing business factor was phased out over a three-year period beginning in fiscal year 2006. The per pupil foundation level is set by the State Legislature. Historically, the per pupil amount has increased 2.2 percent since 2004. For fiscal years 2008 and 2009, State Legislature has increased per pupil funding by 3 percent each fiscal year. For fiscal year 2010 to 2012 the per pupil foundation amount is anticipated to increase by two percent. The per pupil foundation levels set by the legislature for fiscal years 2004 through 2009 are as follows:

Fiscal Year	Per Pupil Foundation Level
2004	\$5,058
2005	5,169
2006	5,283
2007	5,403
2008	5,565
2009	5,732

The anticipated unrestricted grants-in-aid for fiscal year 2008 are based on current estimates available from the Ohio Department of Education. The most recent estimates reported on the January SF-3 for fiscal year 2008 and the anticipated amounts for the next four fiscal years are as follows:

	Forecasted				
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Formula Aid	\$3,470,000	\$3,521,000	\$3,215,000	\$3,126,000	\$3,054,000
Categorical Funding	406,000	466,000	466,000	466,000	466,000
Charge-Off Supplement	146,000	96,000	166,000	187,000	203,000
Transportation	398,000	391,000	391,000	391,000	391,000
Excess Cost Supplement	83,000	140,000	140,000	140,000	140,000
Parity Aid	593,000	576,000	576,000	576,000	576,000
Transitional Aid Guarantee	414,000	320,000	556,000	624,000	680,000
Foundation Adjustments	14,000	14,000	14,000	14,000	14,000
<b>Totals</b>	<b>\$5,524,000</b>	<b>\$5,524,000</b>	<b>\$5,524,000</b>	<b>\$5,524,000</b>	<b>\$5,524,000</b>



## **Barnesville Exempted Village School District**

*Belmont County*

Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2008 through June 30, 2012

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For fiscal year 2008, formula aid is anticipated to decrease slightly from fiscal year 2007 due to decreasing ADM. In fiscal year 2009, formula aid increased slightly due to a decrease in recognized valuation. For fiscal years 2010 through 2012, formula aid is anticipated to decrease due to an increase in assessed valuation which is partially offset by decreases in tangible personal property values.

Categorical funding, transportation, excess cost supplement, Parity Aid, and foundation adjustments are anticipated to increase/decrease based on a three year historical average with no anticipated changes for fiscal years 2009 through 2012.

Transitional aid guarantee and charge-off supplement is anticipated in fiscal years 2008 through 2012. The transitional aid guarantees the School District will receive at least the same amount of base formula aid as the prior year. The charge-off supplement is to fill any gap that exists between the local revenue raised by a district and the amount the foundation formula assumes the district should raise to meet its local share of formula aid, special education and vocational education weighted aid and transportation aid. If a district's local revenue falls below the sum of the district's charge-off plus its assumed local share of special education and vocational education weighted aid and transportation aid, the State makes up the shortfall in charge-off supplement aid.

### **C. - Restricted Grants-in-Aid**

Restricted grants-in-aid consist of the bus purchase allowance, career tech monies and Poverty Based Assistance. For fiscal year 2008, the School District anticipates \$13,000 in bus purchase allowance, \$87,000 in career tech monies and \$276,000 in Poverty Based Assistance monies which replaced the Disadvantaged Pupil Impact Aid program. For fiscal years 2009 through 2012, the School District anticipates restricted grants-in-aid to decrease slightly from prior fiscal years. A historical average was taken from fiscal years 2005 through 2007 to forecast fiscal years 2009 through 2012 bus purchase allowance and career tech monies. Due to decreasing student enrollment of eligible students receiving Ohio Works First, the Poverty Based Assistance funding decreased 13 percent from fiscal year 2007 to 2008. As a result, the School District anticipates this decreased funding to remain throughout the forecast period.

### **D. - Property Tax Allocation**

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs. Beginning in 2006, the State eliminated the ten percent rollback on commercial and industrial real property and the reimbursement to local governments.

Beginning in tax collection year 2008, the State granted an additional homestead exemption to senior citizens for the first \$25,000 in market value. This new exemption will increase property tax allocation receipts and decrease general property tax receipts by an equal amount. No increase or decrease has been included in general property taxes because the amount cannot yet be determined.

The State exempted the first \$10,000 in personal property from taxation. The State reimburses the School District for the lost revenue. In 2004, the State began phasing out the reimbursement by 10 percent each year. Under HB 66, the phase-out period has been accelerated. The last reimbursement for this exemption will be in October 2008.

## Barnesville Exempted Village School District

Belmont County

Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2008 through June 30, 2012

Beginning in tax year 2001, there were significant reductions in the valuation of certain types of public utility property. Two bills enacted by the 123<sup>rd</sup> General Assembly reduced the assessment rate for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. To replace this money, new state consumption taxes have been enacted, a kilowatt-hour tax on electricity and a thousand cubic foot tax on natural gas. Money from these new taxes is used to reimburse school districts for the loss of public utility property tax revenue. Reimbursements were made twice a year in February and August. Beginning in fiscal year 2008, the School District does not anticipate receiving any public utility reimbursements based on information provided by the Ohio Department of Taxation.

In fiscal year 2006, the State began reimbursing the School District for lost revenue due to the phase out of tangible personal property tax. In the first five years, the School District will be fully reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by House Bill 66. Over the next seven years, beginning in fiscal year 2012, the reimbursements are gradually phased out. The reimbursement will be for the difference between the assessed values under prior law and the assessed values under House Bill 66. This means the School District is only reimbursed for the difference between the amounts that would have been received under the prior law and the amounts actually received as the phase-outs in House Bill 66 are implemented. For the forecast period, the School District anticipates receiving a steadily increasing reimbursement for the tangible personal property tax phase out until 2012 when the amount begins to decline due to a phase out of the tangible personal property loss reimbursement.

Property tax allocation revenues for the forecast period consist of the following:

Revenue Sources	Forecasted				
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Homestead and Rollback Tangible Personal Property	\$250,000	\$252,000	\$258,000	\$262,000	\$265,000
Loss Reimbursements	90,000	129,000	172,000	176,000	167,000
Totals	<u>\$340,000</u>	<u>\$381,000</u>	<u>\$430,000</u>	<u>\$438,000</u>	<u>\$432,000</u>

### **E. - All Other Revenues**

All other revenues include tuition and open enrollment, interest on investments, rentals and other revenue.

The School District receives tuition revenue from other school districts for special education students and open enrollment tuition for students who reside in another school district and attend the Barnesville Exempted Village School District. Open enrollment revenue is expected to remain consistent with the most recent SF-3 information for the forecast period. The School District has realized an average increase of six students for the past three years; however, the School District does not anticipate this increase to continue.

Interest is based on historical investment practices and anticipated rates and cash balances during the forecast period. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the greatest allocation being to the general fund. Interest revenue is anticipated to increase in fiscal year 2008 due to higher interest rates and to decrease significantly beginning in fiscal year 2009, due to declining cash balances and interest rates.

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Property rentals will no longer be offered by the School District after fiscal year 2008.

Other revenue consists of various reimbursements, gym rentals, and excess costs charged to other School Districts for their share of special education program costs. The majority of the revenue for this source is the excess cost and it is expected to remain consistent for the forecast period.

All other revenues consist of the following:

Revenue Sources	Forecast				
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Tuition and Open Enrollment	\$501,000	\$501,000	\$501,000	\$501,000	\$501,000
Interest on Investments	96,000	41,000	41,000	41,000	41,000
Rentals	1,000	0	0	0	0
Other Revenue	75,000	75,000	75,000	75,000	75,000
Totals	<u>\$673,000</u>	<u>\$617,000</u>	<u>\$617,000</u>	<u>\$617,000</u>	<u>\$617,000</u>

### **F. - Other Financing Sources**

The general fund is forecasting the return of advances made in fiscal year 2007 to various state and federal grant funds in the amount of \$8,000. The School District anticipates the return of advances for the forecast period to be \$15,000 each fiscal year.

All Other Financing Sources are anticipated to remain at \$8,000. This revenue represents refunds and reimbursements of expenditures made in prior fiscal years.

### **Note 7 - Significant Assumptions for Expenditures and Other Financing Uses**

#### **A. - Personal Services**

Personal service expenditures represent the salaries and wages paid to certified, classified and administrative staff, substitutes, and board members. In addition to regular salaries, it includes payments for supplemental contracts, severance pay, retirement incentives, attendance incentives and overtime. All employees receive their compensation on a bi-weekly basis. Administrative and non-bargaining unit salaries are set by the Board of Education. A comparison of staffing levels by fiscal year is presented below:

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	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008
General Fund:				
Certified	73	73	73	73
Classified	37	37	37	39
Total General Fund	<u>110</u>	<u>110</u>	<u>110</u>	<u>112</u>
Other Funds:				
Certified	13	13	13	13
Classified	11	11	11	11
Total Other Funds	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>
Totals	<u>134</u>	<u>134</u>	<u>134</u>	<u>136</u>

The School District has increased staff by 2 positions in fiscal year 2008 and anticipates an additional 3 positions in fiscal year 2009. No additional staff increases are anticipated for the remainder of the forecast period.

Certified (teaching) staff salaries are based on a negotiated contract which includes base and step increases. The contract covers the period beginning July 1, 2006 through June 30, 2009, and allows for a two percent increase in the base salary each year as well as step increases of 2.5 percent in the last two years of the contract. The teachers operated under the previous contract until the new contract was ratified on September 9, 2007. The contract for classified staff covers the period beginning July 1, 2007 through June 30, 2010. A one-time lump sum payment equivalent to 2 percent of the employee's fiscal year 2007 contracted salary was issued on June 29, 2007. The contract allows for a two percent increase in base wages each year as well as step increases of 2.5 percent in fiscal years 2009 and 2010.

The School District has assumed step increases of 2.5 percent and no annual base increases for the fiscal years 2010 to 2012 for certified and non-union employees and step increases of 2.5 percent and no annual base increases for the fiscal years 2011 to 2012 for classified employees. The agreements are subject to negotiations and approval by the Board of Education. The likelihood of achieving these increases for fiscal years 2010, 2011 and 2012 is unknown and the realization of the forecast is particularly sensitive to any increase in the salaries. Should the School District agree to an additional one percent increase for fiscal years 2010 through 2012 for the certified employees and a one percent increase for fiscal years 2011 and 2012 for the classified employees, it would increase salaries approximately \$135,000 in total over the three year period and decrease the fund balance by the same amount.

The School District anticipates the cost for substitutes to decrease \$52,000 from fiscal year 2007 resulting from fewer employees taking maternity and professional leave, and to remain consistent throughout the forecast period.

Supplemental contracts are expected to increase slightly for each year of the forecast period.

The School District offers severance pay upon retirement to its certified and classified employees with payments equal to one-fourth of their accumulated sick days paid at their current daily rate up to a maximum payment of 68.75 days to both certified and classified employees. In addition, the School District offers a \$15,000 retirement incentive to certified employees who retire upon attaining 30 years of service. The retirement incentive is reduced to \$10,000 for employees retiring with 31 years of service and to \$5,000 with 32 years of service. No incentive is paid for employees retiring with 33 or more years of service. The retirement incentive for classified employees provides a payment based on 10 percent of the employees annual salary within the first year they are eligible for retirement. This amount is reduced

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to 2/3 of the incentive during the second year of eligibility and reduced to 1/3 of the incentive during the third year of eligibility. After the third year, the retirement incentive is forfeited. Severance costs are expected to remain consistent throughout the forecast period. The forecast amount is based on a three year historical average.

The School District offers an attendance incentive for all employees. Employee's are entitled to a payment of five days personal and five days sick at the substitute teacher rate with the last pay of June, less the substitute rate of pay for the position for each day of leave taken. The cost of the incentive is anticipated to remain consistent throughout the forecast period.

Presented below is a comparison of salaries and wages for fiscal years 2008 through 2012.

	Forecasted				
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Certified Salaries	\$3,401,000	\$3,644,000	\$3,735,000	\$3,828,000	\$3,924,000
Classified Salaries	969,000	1,072,000	1,113,000	1,139,000	1,166,000
Substitute Salaries	128,000	128,000	128,000	128,000	128,000
Supplemental Contracts	81,000	83,000	84,000	86,000	88,000
Severance Pay	79,000	79,000	79,000	79,000	79,000
Attendance Incentives	25,000	25,000	25,000	25,000	25,000
Other Salaries and Wages	10,000	10,000	10,000	10,000	10,000
Totals	<u>\$4,693,000</u>	<u>\$5,041,000</u>	<u>\$5,174,000</u>	<u>\$5,295,000</u>	<u>\$5,420,000</u>

### **B. – Employees' Retirement/Insurance Benefits**

Employees' retirement and insurance benefits include employer contributions to the State pension systems, Medicare, workers' compensation, health care, and other insurance benefits arising from the negotiated agreements.

Retirement costs are based on the employer's contribution rate of 14 percent of the salaries for STRS and SERS members. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from over/underestimates are prorated over the next calendar year. The School District pays the employees' retirement contributions for the superintendent and treasurer. Retirement costs are forecasted to increase as salaries increase over the next 5 fiscal years.

Health care costs are based on the coverage terms of the existing health insurance contracts, the anticipated number of employees participating in the program, and the monthly premiums. The School District participates in a traditional health plan. Fiscal year 2008 costs are offset by contributions from certified and non-union employees' equivalent to 4 percent of the health insurance monthly premiums. Classified employees are not contributing. Beginning in fiscal year 2009, certified and non-union employees will contribute 10 percent of monthly health insurance premiums and classified employees will contribute 4 percent. Beginning in fiscal year 2010, classified employees will contribute 10 percent of monthly health insurance premiums. The School District anticipates that all employees will continue to contribute 10 percent of monthly health insurance premiums for the remainder of the forecast period.

Premiums for dental, vision and life insurance premiums will remain the same as fiscal year 2008. In fiscal year 2008, health care costs are projected to increase approximately two percent due to increase in premiums. Fiscal years 2009 through 2012 are anticipated to increase 12 percent each fiscal year. Also factored in were two additional positions in fiscal year 2008 and three positions in fiscal year 2009.

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Workers' compensation is based on the School District's assigned rate and the amount of wages paid in a calendar year. Premiums are paid in the following calendar year. The School District may choose to pay the entire premium in May or 45 percent in May and 55 percent in September. The School District anticipates paying the entire premium in May as in prior years. The School District does not anticipate any changes to the workers' compensation premium throughout the forecast period.

Medicare contributions are 1.45 percent of the salaries for contributing staff. Medicare is anticipated to increase each fiscal year as salaries increase.

Tuition reimbursements are forecasted to increase \$3,000 in fiscal year 2009 and \$1,000 in each fiscal year thereafter due to more certified employees seeking reimbursement for tuition.

Other salaries and wages are comprised of payments made to employees that opted out of insurance for the fiscal year. Each employee is paid \$2,000 for opting out.

Presented below is a comparison of employees' retirement and insurance for the fiscal years 2008 through 2012:

	Forecasted				
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Employer's Retirement	\$732,000	\$775,000	\$798,000	\$822,000	\$847,000
Health Care/Life Insurance	1,067,000	1,184,000	1,293,000	1,448,000	1,621,000
Workers' Compensation	81,000	83,000	84,000	86,000	88,000
Medicare	48,000	49,000	50,000	51,000	52,000
Unemployment	2,000	2,000	2,500	3,000	3,500
Tuition Reimbursement	12,000	15,000	16,000	17,000	18,000
Other	20,000	20,000	22,500	25,000	27,500
Totals	<u>\$1,962,000</u>	<u>\$2,128,000</u>	<u>\$2,266,000</u>	<u>\$2,452,000</u>	<u>\$2,657,000</u>

### **C. - Purchased Services**

Presented below is a comparison of purchased service expenditures for fiscal years 2008 through 2012:

	Forecasted				
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Professional and Technical Services	\$201,000	\$165,000	\$175,000	\$200,000	\$185,000
Property Services	57,000	60,000	62,000	64,000	66,000
Travel and Meeting Expenses	30,000	32,000	34,000	36,000	38,000
Communication Costs	44,000	45,000	45,000	45,000	45,000
Utility Services	310,000	319,000	329,000	339,000	349,000
Tuition and Other Similar Payments	368,000	400,000	425,000	425,000	450,000
Other Purchased Services	94,000	70,000	75,000	90,000	85,000
Totals	<u>\$1,104,000</u>	<u>\$1,091,000</u>	<u>\$1,145,000</u>	<u>\$1,199,000</u>	<u>\$1,218,000</u>

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During fiscal year 2008, professional and technical services increased by \$44,000 most of which was due to attorney fees for negotiations. Likewise, other purchased services increased by \$30,000 in the same fiscal year due to the planning for additional security when the Barnesville Education Association issued a ten-day strike notice. The strike was averted when, on September 5, 2007, the Board of Education and the Barnesville Education Association reached a tentative agreement which resulted in the termination of the strike notice. In addition to inflationary increases of 3 percent for fiscal year 2009-2012, fiscal years 2010 and 2011 expenditures include additional legal costs in the event the School District and the certified and classified unions are unable to reach an agreement. These increased costs are irregular and only occur during fiscal years when the School District is scheduled to negotiate labor contracts. It should also be noted that the School District employs one administrator through the Belmont County Educational Service Center during fiscal year 2008, and the remaining forecasted years, the School District will pay a portion of the administrative salaries and benefits through foundation settlements.

### **D. - Supplies and Materials**

The following table is a comparison of the supplies and materials expenditures for fiscal years 2008 through 2012:

	Forecasted				
	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Supplies for general operation and and food service related materials	\$129,000	\$134,000	\$134,000	\$139,000	\$139,000
Instructional Supplies	151,000	156,000	160,000	165,000	170,000
Textbooks	120,000	124,000	128,000	132,000	136,000
Totals	<u>\$400,000</u>	<u>\$414,000</u>	<u>\$422,000</u>	<u>\$436,000</u>	<u>\$445,000</u>

Supplies and materials are forecasted for 2008 at a \$10,000 increase over 2007. This is the direct result of the School District needing to restore supplies that have been cut or eliminated over the previous fiscal years due to the financial status of the School District. The entire forecast period is showing a slight increase in spending for supplies and materials which will be needed to keep supplies and textbooks at a level that is needed to effectively run the School District.

### **E. - Capital Outlay**

The acquisition or construction of property, plant and equipment acquired or used for instructional and support services is recorded as capital outlay. During fiscal year 2008, the School District replaced the roof on the High School, purchased one new bus, and purchased updated technology and security equipment. In fiscal years 2009 through 2011, capital outlay expenditures include one bus per year along with an estimated \$50,000 per year for technology and security upgrades. During fiscal year 2012, only technology and security upgrades are expected.

### **F. - Debt Service**

The School District made its final principal payment in fiscal year 2006 on the outstanding balance of a fiscal year 2005 State Solvency Assistance loan. No general fund supported debt payments are anticipated during the forecast period.

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### **G. - Other Objects**

Other object expenditures consist of dues fees, liability insurance, and county educational services center cost. The School District contracted with the Educational Service Center for the services of one administrator. Starting in fiscal year 2008 the costs for this contract are deducted from foundation settlements. This will result in the salary and benefits costs being coded as purchased services rather than other objects. The School District plans to use this method of payment for each of the forecasted years. Other objects reflect slight increases in fiscal years 2009 through 2012 due primarily to increased county auditor and treasurer fees.

### **H. - Operating Advances/Transfers Out**

The School District anticipates advancing \$15,000 to various grant funds for the entire forecast period.

### **Note 8 - Encumbrances**

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

Encumbrances for purchased services, supplies and materials, capital outlay and other objects are projected to be \$144,000 for fiscal year 2008. For the remaining forecast period, the School District anticipates encumbrances remaining consistent at \$120,000.

### **Note 9 - Reservations of Fund Balance**

The School District is required by State statute to annually set aside in the general fund three percent of certain revenues for the purchase of textbooks and other instructional materials and an equal amount for capital improvements and repairs. 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.

Beginning in fiscal year 2006, HB 66 allows school districts in fiscal emergency to set aside less than the annual required set aside amount or set aside nothing in the textbook and instruction materials and the capital and maintenance set asides. The Board of Education, by resolution, chose to set aside no current year revenue in the textbook and instruction materials and the capital and maintenance set asides in prior fiscal years 2006 and 2007.

### **A. - Textbooks and Instructional Materials Set-Aside**

The set aside amount required for fiscal year 2008 is \$176,000. The forecast includes qualifying expenditures to satisfy this requirement. The School District's set aside amount is anticipated to increase by \$3,000 in fiscal year 2009 based on the projected base cost per pupil and projected decrease in enrollment. The School District's set aside requirement is anticipated to decrease \$3,000 each year for fiscal years 2010 through 2012 due primarily to declining enrollment. The School District anticipates qualified expenditures to equal or exceed the set aside requirement; therefore, the School District does not anticipate having a reserve for the remainder of the forecast period.



## **Barnesville Exempted Village School District**

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### **B. – Capital Acquisition and Improvements Set-Aside**

The set aside amount required for fiscal year 2008 is \$176,000. The forecast includes qualifying expenditures and offsets to satisfy this requirement. The School District's set aside amount is anticipated to increase by \$3,000 in fiscal year 2009 based on the projected base cost per pupil and projected decrease in enrollment. The School District's set aside requirement is anticipated to decrease \$3,000 each year for fiscal years 2010 through 2012 due primarily to declining enrollment. For fiscal years 2009 through 2012, the School District anticipates qualified expenditures and offsets will exceed the annual set aside requirement.

### **C. – Bus Purchases**

At June 30, 2007, the School District had \$14,000 in unspent bus purchase allowance. The School District anticipates receiving \$14,000 in a bus purchase allowance during fiscal year 2008 and \$13,000 per year for fiscal years 2009 through 2012. The School District anticipates spending \$70,000 on the purchase of one new bus each fiscal year through 2011. During fiscal year 2012, no bus purchase is anticipated. Therefore, the School District is forecasting a \$13,000 reservation of fund balance for bus purchases at June 30, 2012.

### **D. Poverty Based Assistance**

For fiscal years 2008 through 2012, the School District anticipates receiving and spending \$316,000 in restricted Poverty Based Assistance monies. Therefore, no reserve for is forecasted.

### **Note 10 - Levies**

Since 1999, the School District has placed several levies on the ballot. The type of levy, millage amount, term and election results are as follows:

<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Term</u>	<u>Election Results</u>
February 1999	Bond Issue	3.7 mills	20 Years	Passed
November 2003	Operating	1.5% income tax	Continuing	Failed
March 2004	Operating	1.5% income tax	5 Years	Failed
November 2004	Operating	0.75% income tax	5 Years	Failed
May 2005	Permanent Improvement	0.5% income tax	5 Years	Failed

### **Note 11 – Pending Litigation**

The School District currently has no pending litigation.

### **Note 12 – Financial Planning and Supervision Commission**

On December 18, 2003, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. Legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the law, a five member Financial Planning

## **Barnesville Exempted Village School District**

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and Supervision Commission has been established to oversee the financial affairs of the School District. The Commission is comprised of the State Superintendent of Public Instruction and the State Director of the Office of Budget and Management or their designees, and three appointed members. The appointments are made by the Governor of the State of Ohio, the State Superintendent of Public Instruction, and the Mayor of the Village of Barnesville. The Commission's primary charge is to develop, adopt, and implement a financial recovery plan. Once the plan has been adopted, the Board of Education's discretion is limited in that all financial activity of the School District must be in accordance with the plan.

A financial recovery plan was adopted by the Commission on April 7, 2004 and revised on April 13, 2005. The key provisions of the recovery plan included the reduction of 36.5 positions, the placement of an income tax levy on the ballot, as well as the reduction of one hearing and speech contract.

Based on this report, the operation of the Commission will be terminated.

### **Note 13 – Other Funds**

The School District has numerous other funds that account for resources that are restricted for specific purposes. These funds are anticipated to receive advances from the General Fund to meet cash flow requirements prior to receiving the grant funding, but are anticipated to have sufficient resources to meet their obligations during the forecasted period.



**Mary Taylor, CPA**  
Auditor of State

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 28, 2008**