



Dave Yost • Auditor of State

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Barnesville Exempted Village School District, Belmont County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Schoolwide Pool Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Federal Award Receipts and Expenditures Schedule (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 19, 2013

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Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

The discussion and analysis of the Barnesville Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2013 are as follows:

- Net Position of governmental activities increased \$873,052.
- General revenues accounted for \$10,532,796 in revenue or 79 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,759,892 or 21 percent of total revenues of \$13,292,688.
- Total assets of governmental activities increased \$1,035,306, primarily due to an increase in property taxes receivable and equity in pooled cash and cash equivalents. The increase was offset by annual depreciation expense for capital assets
- The School District had \$12,419,636 in expenses related to governmental activities; only \$2,759,892 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$10,532,796 were adequate to provide for these programs.
- Governmental funds had total revenues and other financing sources in the amount of \$15,479,149 and \$14,414,591 in expenditures and other financing uses. The total Governmental funds' balance increased \$1,064,558.

Using this Annual Financial Report

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

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

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Schoolwide Pool Special Revenue Fund, and the Debt Service Fund.

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

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

Table 1
Net Position

	Governmental Activities		
	2013	2012	Change
Assets			
Current and Other Assets	\$10,304,045	\$9,112,539	\$1,191,506
Capital Assets	15,255,624	15,411,824	(156,200)
Total Assets	25,559,669	24,524,363	1,035,306
Liabilities			
Long-Term Liabilities	3,654,906	3,693,407	(38,501)
Other Liabilities	1,075,882	1,088,190	(12,308)
Total Liabilities	4,730,788	4,781,597	(50,809)
Deferred Inflows of Resources			
Property Taxes Not Levied to Finance Current Year Operations	4,157,985	3,944,922	213,063
Net Position			
Net Investment in Capital Assets	12,441,026	12,553,822	(112,796)
Restricted	1,013,487	879,051	134,436
Unrestricted	3,216,383	2,364,971	851,412
Total Net Position	\$16,670,896	\$15,797,844	\$873,052

Total assets increased \$1,035,306. Current assets increased by \$1,191,506 primarily due to an increase in property taxes receivable as well as an increases in equity in pooled cash and cash equivalents. The total increases were offset by annual depreciation expense for capital assets and a decrease in prepaid items relating to the completion of a paving project.

Total liabilities decreased \$50,809, due primarily to a decrease in accounts and intergovernmental payables as well as long term debt payments.

Net Investment in Capital Assets, decreased \$112,796 due primarily to depreciation of capital assets.

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 2 shows the changes in net assets for the fiscal year 2013 compared to fiscal year 2012.

Table 2
Changes in Net Position

	Governmental Activities		Change
	2013	2012	
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,285,212	\$910,873	\$374,339
Operating Grants and Contributions	1,474,680	1,667,345	(192,665)
Total Program Revenues	2,759,892	2,578,218	181,674
General Revenues			
Property Taxes	4,092,757	3,620,747	472,010
Grants and Entitlements not Restricted to Specific Programs	6,316,598	6,246,838	69,760
Others	123,441	145,386	(21,945)
Total General Revenues	10,532,796	10,012,971	519,825
Total Revenues	13,292,688	12,591,189	701,499
Program Expenses			
Instruction:			
Regular	5,319,293	5,286,741	32,552
Special	1,385,923	1,274,764	111,159
Vocational	167,193	215,355	(48,162)
Student Intervention Services	257,685	260,870	(3,185)
Support Services:			
Pupils	895,729	827,475	68,254
Instructional Staff	464,477	451,325	13,152
Board of Education	95,679	139,224	(43,545)
Administration	581,096	694,415	(113,319)
Fiscal	450,497	400,151	50,346
Business	23,476	26,866	(3,390)
Operation and Maintenance of Plant	1,263,337	1,110,456	152,881
Pupil Transportation	574,349	744,828	(170,479)
Central	80,024	7,717	72,307
Operation of Non-Instructional Service	9,862	46,913	(37,051)
Food Service Operations	404,682	387,097	17,585
Extracurricular Activities	261,732	197,345	64,387
Interest and Fiscal Charges	184,602	225,761	(41,159)
Total Expenses	12,419,636	12,297,303	122,333
Increase in Net Position	873,052	293,886	579,166
Net Position Beginning of Year	15,797,844	15,503,958	293,886
Net Position End of Year	\$16,670,896	\$15,797,844	\$873,052

In 2013, 31 percent of the School District's revenues were from property taxes and 48 percent were from unrestricted grants and entitlements. The School District experienced a decrease in operating grants and contributions from fiscal year 2012 due to decreased federal grant funding. The increase to charges for services was due to the signing bonus for the Antero oil and gas lease.

Barnesville Exempted Village School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Instructional programs comprise approximately 57 percent of total governmental program expenses. Of the instructional expenses, approximately 75 percent is for regular instruction, 19 percent for special instruction, 2 percent for vocational instruction, and 4 percent for Student Intervention. Instructional program expenses increased \$92,364. The total expenses increased \$122,333 due primarily to an increase in special instruction and operation and maintenance expenses.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2013 compared to fiscal year 2012. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Instruction:				
Regular	\$5,319,293	\$5,286,741	\$4,107,752	\$4,111,947
Special	1,385,923	1,274,764	1,137,011	1,080,480
Vocational	167,193	215,355	107,478	155,640
Student Intervention Services	257,685	260,870	193,118	205,616
Support Services:				
Pupils	895,729	827,475	847,649	802,098
Instructional Staff	464,477	451,325	396,130	310,825
Board of Education	95,679	139,224	95,679	139,224
Administration	581,096	694,415	554,096	540,611
Fiscal	450,497	400,151	410,697	322,223
Business	23,476	26,866	23,476	26,866
Operation and Maintenance of Plant	1,263,337	1,110,456	861,345	1,110,456
Pupil Transportation	574,349	744,828	574,349	589,333
Central	80,024	7,717	21,780	7,717
Operation of Non-Instructional Service	9,862	46,913	(104)	24,845
Food Service Operations	404,682	387,097	58,384	39,283
Extracurricular Activities	261,732	197,345	86,302	26,160
Interest and Fiscal Charges	184,602	225,761	184,602	225,761
Total Expenses	\$12,419,636	\$12,297,303	\$9,659,744	\$9,719,085

The dependence upon tax revenues and state subsidies for governmental activities is apparent as 78 percent of expenses are supported through taxes and other general revenues.

Barnesville Exempted Village School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has three major funds, the General Fund, Schoolwide Pool Fund, and the Debt Service Fund. The General Fund had \$11,173,071 in revenues and \$8,875,479 in expenditures. Overall, including other financing sources and uses, the General Fund's balance increased \$528,504. The Schoolwide Pool Fund had \$2,063,538 in revenues and transfers in, and had \$2,063,538 in expenditures, leaving no fund balance. The Debt Service Fund had \$383,617 in revenues and \$268,599 in expenditures. The Debt Service Fund's balance increased \$115,018.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the School District amended its general fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were decreases for instructional expenditures between the final budget and actual expenditures that reflected actual School District operational costs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$15,255,624 invested in land, buildings, furniture, equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2013, the School District had \$2,828,304 in outstanding bonds including premiums, and accretion. In addition, the School District had \$129,780 in outstanding capital leases. See Note 15 for more detailed information on the School District's debt.

Economic Factors

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

In fiscal year 2009, the School District applied and was approved for a House Bill 264 energy conservation project through the Ohio School Facilities Commission. The project is intended to improve energy efficiency in the School District and the total project cost was \$951,728 which included additional fees for the issuance of the bonds in the amount of \$14,289. The School District chose to pay for \$251,298 of the project with local funds and financed the remaining portion of \$714,719, which included \$700,430 in project funds and \$14,289 in issuance costs and the School District issued \$714,419 in debt via the 2009 Qualified School Construction Bond (QSCB) Program, on November 24, 2009.

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

The School District continues to rely heavily on State foundation funding. Reductions in the prior biennium budget and recent federal sequestration cuts will adversely affect the financial position of the School District. New public utility personal property taxes received from the Rockies Express Pipeline will continue to help offset the reductions in state funding through fiscal year 2015. The School District has not solicited voters to support a tax levy in order to generate additional revenue.

Contacting the School District's Financial Management

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

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Barnesville Exempted Village School District
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,501,885
Intergovernmental Receivable	209,022
Prepaid Items	5,913
Materials and Supplies Inventory	33,748
Property Taxes Receivable	4,553,477
Non-Depreciable Capital Assets	293,412
Depreciable Capital Assets, Net	14,962,212
<i>Total Assets</i>	25,559,669
Liabilities	
Accounts Payable	37,599
Accrued Wages and Benefits Payable	636,431
Intergovernmental Payable	306,998
Accrued Interest Payable	8,185
Vacation Benefits Payable	86,669
Long-Term Liabilities:	
Due Within One Year	311,270
Due In More Than One Year	3,343,636
<i>Total Liabilities</i>	4,730,788
Deferred Inflows of Resources	
Property Taxes not Levied to Finance Current Year Operations	4,157,985
Net Position	
Net Investment in Capital Assets	12,441,026
Restricted for:	
Debt Service	764,855
Building Maintenance	66,410
Food Service Operation	59,650
State Programs	27,241
Local Programs	95,331
Unrestricted	3,216,383
<i>Total Net Position</i>	\$16,670,896

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$5,319,293	\$644,125	\$567,416	(\$4,107,752)
Special	1,385,923	0	248,912	(1,137,011)
Vocational	167,193	0	59,715	(107,478)
Student Intervention Services	257,685	0	64,567	(193,118)
Support Services:				
Pupil	895,729	0	48,080	(847,649)
Instructional Staff	464,477	0	68,347	(396,130)
Board of Education	95,679	0	0	(95,679)
Administration	581,096	0	27,000	(554,096)
Fiscal	450,497	0	39,800	(410,697)
Business	23,476	0	0	(23,476)
Operation and Maintenance of Plant	1,263,337	362,602	39,390	(861,345)
Pupil Transportation	574,349	0	0	(574,349)
Central	80,024	0	58,244	(21,780)
Operation of Non-Instructional Services	9,862	0	9,966	104
Food Service Operations	404,682	103,055	243,243	(58,384)
Extracurricular Activities	261,732	175,430	0	(86,302)
Interest and Fiscal Charges	184,602	0	0	(184,602)
Total Governmental Activities	\$12,419,636	\$1,285,212	\$1,474,680	(9,659,744)
General Revenues				
Property Taxes Levied for General Purposes				3,694,553
Property Taxes Levied for Building Maintenance				56,914
Property Taxes Levied for Debt Service				341,290
Grants and Entitlements not Restricted to Specific Programs				6,316,598
Gifts and Donations				43,299
Investment Earnings				10,313
Miscellaneous				69,829
Total General Revenues				10,532,796
Change in Net Position				873,052
Net Position Beginning of Year				15,797,844
Net Position End of Year				\$16,670,896

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2013

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,119,942	\$0	\$729,779	\$652,164	\$5,501,885
Receivables:					
Property Taxes	4,068,825	0	408,127	76,525	4,553,477
Intergovernmental	40,109	0	0	168,913	209,022
Interfund	13,106	236,757	0	0	249,863
Prepaid Items	5,913	0	0	0	5,913
Materials and Supplies Inventory	21,945	0	0	11,803	33,748
<i>Total Assets</i>	<u>\$8,269,840</u>	<u>\$236,757</u>	<u>\$1,137,906</u>	<u>\$909,405</u>	<u>\$10,553,908</u>
Liabilities					
Accounts Payable	\$28,013	\$0	\$0	\$9,586	\$37,599
Accrued Wages and Benefits	394,522	193,860	0	48,049	636,431
Interfund Payable	138,575	0	0	111,288	249,863
Intergovernmental Payable	243,187	42,897	0	20,914	306,998
<i>Total Liabilities</i>	<u>804,297</u>	<u>236,757</u>	<u>0</u>	<u>189,837</u>	<u>1,230,891</u>
Deferred Inflows of Resources					
Property Taxes not Levied to Finance					
Current Year Operations	3,723,488	0	364,866	69,631	4,157,985
Unavailable Revenue	185,652	0	17,226	2,890	205,768
<i>Total Deferred Inflows of Resources</i>	<u>3,909,140</u>	<u>0</u>	<u>382,092</u>	<u>72,521</u>	<u>4,363,753</u>
Fund Balances					
Nonspendable:					
Materials and Supplies Inventory	21,945	0	0	11,803	33,748
Prepaid Items	5,913	0	0	0	5,913
Restricted for:					
Debt Service	0	0	755,814	0	755,814
Building Maintenance	0	0	0	63,520	63,520
Food Service Operation	0	0	0	47,847	47,847
State Programs	0	0	0	27,241	27,241
Local Programs	0	0	0	95,331	95,331
Committed to:					
Capital Projects	0	0	0	401,305	401,305
Assigned to:					
Encumbrances	296,728	0	0	0	296,728
Unassigned	3,231,817	0	0	0	3,231,817
<i>Total Fund Balances</i>	<u>3,556,403</u>	<u>0</u>	<u>755,814</u>	<u>647,047</u>	<u>4,959,264</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$8,269,840</u>	<u>\$236,757</u>	<u>\$1,137,906</u>	<u>\$909,405</u>	<u>\$10,553,908</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2013*

Total Governmental Fund Balances		\$4,959,264
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,255,624
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Tuition and Fees	40,109	
Property Taxes	<u>165,659</u>	
Total		205,768
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(86,669)
Long-term liabilities and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	2,480,000	
Capital Appreciation Bonds	94,999	
Bond Premium	109,819	
Accrued Interest Payable	8,185	
Capital Leases	129,780	
Compensated Absences	696,822	
Capital Appreciation Bonds Accretion	<u>143,486</u>	
Total		<u>(3,663,091)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$16,670,896</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$3,702,449	\$0	\$342,316	\$57,108	\$4,101,873
Intergovernmental	6,294,471	444,865	39,800	1,012,142	7,791,278
Interest	8,188	0	1,501	624	10,313
Tuition and Fees	646,943	0	0	0	646,943
Extracurricular Activities	66,765	0	0	108,665	175,430
Rent	362,602	0	0	0	362,602
Contributions and Donations	42,299	0	0	1,000	43,299
Charges for Services	4,245	0	0	103,055	107,300
Miscellaneous	45,109	0	0	24,720	69,829
<i>Total Revenues</i>	<u>11,173,071</u>	<u>444,865</u>	<u>383,617</u>	<u>1,307,314</u>	<u>13,308,867</u>
Expenditures					
Current:					
Instruction:					
Regular	3,294,595	1,308,282	0	276,168	4,879,045
Special	777,555	372,688	0	175,523	1,325,766
Vocational	147,475	0	0	0	147,475
Student Intervention	47,191	186,033	0	24,461	257,685
Support Services:					
Pupil	782,868	27,032	0	35,824	845,724
Instructional Staff	323,439	75,051	0	51,484	449,974
Board of Education	95,679	0	0	0	95,679
Administration	436,939	94,452	0	6,653	538,044
Fiscal	426,248	0	10,404	1,680	438,332
Business	22,776	0	0	0	22,776
Operation and Maintenance of Plant	1,107,143	0	0	68,092	1,175,235
Pupil Transportation	494,507	0	0	0	494,507
Central	21,556	0	0	56,148	77,704
Operation of Non-Instructional Services	0	0	0	9,607	9,607
Food Service Operations	0	0	0	354,638	354,638
Extracurricular Activities	125,006	0	0	122,721	247,727
Capital Outlay	682,288	0	0	5,200	687,488
Debt Service:					
Principal Retirement	70,662	0	165,000	0	235,662
Interest and Fiscal Charges	19,552	0	93,195	0	112,747
<i>Total Expenditures</i>	<u>8,875,479</u>	<u>2,063,538</u>	<u>268,599</u>	<u>1,188,199</u>	<u>12,395,815</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,297,592</u>	<u>(1,618,673)</u>	<u>115,018</u>	<u>119,115</u>	<u>913,052</u>
Other Financing Sources (Uses)					
Inception of Capital Lease	151,506	0	0	0	151,506
Transfers In	0	1,618,673	0	400,103	2,018,776
Transfers Out	(1,920,594)	0	0	(98,182)	(2,018,776)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,769,088)</u>	<u>1,618,673</u>	<u>0</u>	<u>301,921</u>	<u>151,506</u>
<i>Net Change in Fund Balances</i>	528,504	0	115,018	421,036	1,064,558
<i>Fund Balances Beginning of Year</i>	<u>3,027,899</u>	<u>0</u>	<u>640,796</u>	<u>226,011</u>	<u>3,894,706</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,556,403</u></u>	<u><u>\$0</u></u>	<u><u>\$755,814</u></u>	<u><u>\$647,047</u></u>	<u><u>\$4,959,264</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013*

Net Change in Fund Balances - Total Governmental Funds \$1,064,558

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

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

Capital Asset Additions	734,155	
Current Year Depreciation	(890,355)	
Total	(156,200)	(156,200)

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

Property Taxes	(9,116)	
Tuition and Fees	(7,063)	
Total	(16,179)	(16,179)

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

General Obligation Bonds	210,000	
Capital Leases	25,662	
Total	235,662	235,662

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

Accretion of Interest	(32,010)	
Accrued Interest	(51,304)	
Total	(83,314)	(83,314)

Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long term liabilities on the statement of activities (151,506)

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bond on the statement of activities. 11,459

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

Vacation Benefits Payable	(6,324)	
Compensated Absences Payable	(25,104)	
Total	(31,428)	(31,428)

Changes in Net Position of Governmental Activities \$873,052

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$3,379,351	\$3,175,000	\$3,699,591	\$524,591
Intergovernmental	5,739,654	5,849,856	6,294,471	444,615
Interest	0	7,609	8,188	579
Tuition and Fees	614,427	611,246	646,943	35,697
Extracurricular Activities	102,405	132,061	66,765	(65,296)
Rent	362,602	336,989	362,602	25,613
Contributions and Donations	37,500	39,331	42,299	2,968
Charges for Services	0	3,945	4,245	300
Miscellaneous	4,516	94,437	45,109	(49,328)
<i>Total Revenues</i>	<u>10,240,455</u>	<u>10,250,474</u>	<u>11,170,213</u>	<u>919,739</u>
Expenditures				
Current:				
Instruction:				
Regular	9,928,753	10,182,753	3,287,054	6,895,699
Special	16,663	36,663	794,165	(757,502)
Vocational	4,973	4,973	151,161	(146,188)
Student Intervention Services	0	0	47,191	(47,191)
Support Services:				
Pupil	126,288	126,788	778,995	(652,207)
Instructional Staff	18,841	18,841	321,642	(302,801)
Board of Education	19,538	19,538	111,117	(91,579)
Administration	9,276	9,276	465,075	(455,799)
Fiscal	40,464	40,464	458,077	(417,613)
Business	7,724	7,724	25,405	(17,681)
Operation and Maintenance of Plant	205,975	205,975	1,253,676	(1,047,701)
Pupil Transportation	24,217	24,217	621,060	(596,843)
Central	0	120	22,933	(22,813)
Extracurricular Activities	168	168	119,801	(119,633)
Capital Outlay	213,050	213,050	236,982	(23,932)
Debt Service:				
Principal Retirement	0	0	45,000	(45,000)
Interest and Fiscal Charges	0	0	11,239	(11,239)
<i>Total Expenditures</i>	<u>10,615,930</u>	<u>10,890,550</u>	<u>8,750,573</u>	<u>2,139,977</u>
Excess of Revenues Over (Under) Expenditures	(375,475)	(640,076)	2,419,640	3,059,716
Other Financing Uses				
Transfers Out	0	0	(2,021,737)	(2,021,737)
<i>Net Change in Fund Balance</i>	(375,475)	(640,076)	397,903	1,037,979
<i>Fund Balance Beginning of Year</i>	2,856,225	2,856,225	2,856,225	0
Prior Year Encumbrances Appropriated	554,172	554,172	554,172	0
<i>Fund Balance End of Year</i>	<u>\$3,034,922</u>	<u>\$2,770,321</u>	<u>\$3,808,300</u>	<u>\$1,037,979</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Schoolwide Pool Fund
 For the Fiscal Year Ended June 30, 2013*

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	1,728,000	1,728,000	1,302,929	425,071
Special	432,000	432,000	375,834	56,166
Student Intervention Services	0	0	186,033	(186,033)
Support Services:				
Pupil	24,000	24,000	28,623	(4,623)
Instructional Staff	96,000	96,000	74,742	21,258
Administration	120,000	120,000	98,338	21,662
<i>Total Expenditures</i>	2,400,000	2,400,000	2,066,499	333,501
Excess of Revenues Under Expenditures	(2,400,000)	(2,400,000)	(2,066,499)	333,501
Other Financing Sources				
Transfers In	0	2,400,000	2,066,499	(333,501)
<i>Net Change in Fund Balance</i>	(2,400,000)	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	(\$2,400,000)	\$0	\$0	\$0

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$272,304	\$63,135
<i>Total Assets</i>	272,304	\$63,135
Liabilities		
Due to Students	0	\$63,135
<i>Total Liabilities</i>	0	\$63,135
Net Assets		
Held in Trust for Scholarships	272,304	
<i>Total Net Position</i>	\$272,304	

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013

	<u>Private Purpose Trust Fund</u>
Additions	
Interest	<u>\$566</u>
Deductions	
Payments in accordance with Trust agreements	<u>4,000</u>
<i>Change in Net Position</i>	(3,434)
<i>Net Position Beginning of Year</i>	<u>275,738</u>
<i>Net Position End of Year</i>	<u><u>\$272,304</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Barnesville Exempted Village School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state statute and federal guidelines. The Board controls the School District's 4 instructional/support facilities staffed by 45 non-certified employees, 85 certificated personnel and 10 administrative employees to provide services to 1,166 students and other community members.

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

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

Reporting Entity:

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

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

No separate governmental units meet the criteria for inclusion as a component unit. The following activity is included within the reporting entity:

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

The School District is involved with five organizations, four of which are defined as jointly governed organizations and one which is defined as a related organization. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Governments (Council), the Coalition of Rural and Appalachian Schools (CORAS), the Educational Regional Service System Region 12 (ERSS), the Belmont-Harrison Vocational School District, and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Barnesville Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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

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

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

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

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

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

C. Measurement Focus

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

D. Basis of Accounting

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports no deferred outflows.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2013, the School District had no investments.

Following Ohio statutes, the Board of Education may, by resolution, specify the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$8,188 which includes \$2,456 assigned from other School District funds.

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

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. The School District has no restricted assets.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of greater than \$25,000 for land and building improvements and \$5,000 for all other assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

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

J. Interfund Balances

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

K. Compensated Absences

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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

M. Unamortized Bond Insurance Premiums, Bond Discounts, Bond Premiums, and Bond Issuance Costs

On the government-wide financial statements, bond insurance premiums, bond premiums and bond discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. On the governmental fund financial statements bond insurance premiums, bond premiums, bond discounts and bond issuance costs are recognized in the period in which the bonds are issued.

Bond issuance costs are expensed in in the funds in the period the bonds are issued.

N. Interfund Activity

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

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

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

O. Fund Balance

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

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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

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

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

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

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

P. Net Position

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Data

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

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

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 61, "The Financial Reporting Entity: Omnibus," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66 "Technical Corrections—2012 an amendment of GASB Statements No. 10 and No. 62."

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General and Schoolwide Pool Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transactions (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).

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

	Net Change in Fund Balance	
	General	Schoolwide Pool
GAAP Basis	\$528,504	\$0
Revenue Accruals	(154,364)	(444,865)
Transfers In	0	447,826
Transfers Out	(101,143)	0
Expenditure Accruals	449,654	(2,961)
Encumbrances	(324,748)	0
Budget Basis	<u>\$397,903</u>	<u>\$0</u>

NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
 3. Written repurchase agreements in the securities listed above;
 4. Bonds and other obligations of the State of Ohio;
 5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
 6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2).
 7. The State Treasurer's investment pool (STAR Ohio).
 8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the bank balance was \$6,121,659. Of the bank balance \$250,000 was covered by Federal Deposit Insurance Corporation and the remaining balance of \$5,871,659 was covered by pledged collateral with securities held by the pledging financial institution's trust department or agent. Although the securities were held by the pledging financial institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

NOTE 6 - PROPERTY TAXES

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

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2013 was \$199,794 in the General Fund, \$26,035 in the Debt Service Fund, and \$4,004 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2012 was \$196,936 in the General Fund, \$25,976 in the Debt Service Fund, and \$3,910 in the Classroom Facilities Maintenance Special Revenue Fund.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Estate	\$104,838,800	67.96%	\$117,811,680	77.01%
Public Utility Personal	49,428,690	32.04%	35,176,450	22.99%
	<u>\$154,267,490</u>	<u>100.00%</u>	<u>\$152,988,130</u>	<u>100.00%</u>
 Tax Rate per \$1,000 of assessed valuation		\$42.00		\$42.00

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013, consisted of property taxes, tuition and fees, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$165,659 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Pre-School Grant	\$24,621
Title I	98,182
IDEA B	31,225
Title II-A Improving Teacher Quality	14,885
Excess Cost Reimbursements	40,109
Total	\$209,022

NOTE 8 – INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2013, consist of the following interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		
	<u>General Fund</u>	<u>Schoolwide Pool Fund</u>	<u>Totals</u>
General Fund	\$0	\$138,575	\$138,575
Other Governmental Funds	13,106	98,182	111,288
Totals	\$13,106	\$236,757	\$249,863

The balance due to the Schoolwide Pool Fund from the General and Other Governmental Funds are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program. The loan made to the Other Governmental Funds was used to cover actual cash deficits. The cash deficits were covered by cash and cash equivalents from the General Fund.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2013 consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>		<u>Total</u>
	<u>General</u>	<u>Other Governmental</u>	
Schoolwide Pool Fund	\$1,520,491	\$98,182	\$1,618,673
Other Governmental Funds	400,103	0	400,103
Total Transfers	\$1,920,594	\$98,182	\$2,018,776

Transfers were used to move receipts from the General Fund to the Schoolwide Pool Fund in accordance with the schoolwide building program and to move receipts from the General Fund to the Permanent Improvement Fund to be used for capital purposes.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>6/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/13</u>
Nondepreciable Capital Assets:				
Land	\$272,950	\$20,462	\$0	\$293,412
Total Nondepreciable Capital Assets	272,950	20,462	0	293,412
Depreciable Capital Assets:				
Land Improvements	943,068	503,220	0	1,446,288
Buildings and Improvements	25,448,865	0	0	25,448,865
Furniture and Equipment	1,127,195	210,473	(53,005)	1,284,663
Vehicles	885,195	0	0	885,195
Total Depreciable Capital Assets	28,404,323	713,693	(53,005)	29,065,011
Accumulated Depreciation:				
Land Improvements	(597,930)	(67,033)	0	(664,963)
Buildings and Improvements	(11,150,231)	(715,207)	0	(11,865,438)
Furniture and Equipment	(842,484)	(71,159)	53,005	(860,638)
Vehicles	(674,804)	(36,956)	0	(711,760)
Total Accumulated Depreciation	(13,265,449)	(890,355)	53,005	(14,102,799)
Total Depreciable Capital Assets, Net	15,138,874	(176,662)	0	14,962,212
Governmental Capital Assets, Net	\$15,411,824	(\$156,200)	\$0	\$15,255,624

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$422,874
Special	56,464
Vocational	20,063
Support Services:	
Pupils	37,086
Instructional Staff	18,821
Administration	56,464
Fiscal	18,821
Business	700
Operation of Maintenance and Plant	109,998
Pupil Transportation	84,348
Central	667
Extracurricular Activities	14,005
Food Service Operations	50,044
Total Depreciation Expense	<u>\$890,355</u>

NOTE 10- RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013 the School District contracted with The Netherlands Insurance Company for property and inland marine coverage, general liability, and fleet insurance coverage. The Netherlands Insurance Company insurance programs are as follows:

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year. The School District pays the State a rate per \$100 of salaries for workers' compensation.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.05 percent. The remaining .95 percent of the 14 percent employer contribution rate

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

is allocated to the Medicare B (0.74 percent), Health Care (0.16 percent), and Death Benefits (0.05 percent) funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$185,992, \$185,992, and \$107,316, respectively; 100 percent has been contributed for fiscal years 2013, 2012, and 2011.

B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012 (the latest date for which information is available), plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$613,951 and \$373 for the fiscal year ended June 30, 2013, \$613,399 and \$4,415 for the fiscal year ended June 30, 2012, and \$598,825 and \$5,575 for the fiscal year ended June 30, 2011. For fiscal year 2013, 77.56 percent has been contributed for the DB plan and 77.56 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Contributions made to STRS Ohio for the DC Plan for fiscal year 2012 (the latest date for which information is available) were \$788 made by the School District and \$563 made by the plan members. In addition, member contributions of \$266 were made for fiscal year 2012 (the latest date for which information is available) for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2013, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 12- POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$2,992, \$8,055, and \$4,212, respectively; 100 percent has been contributed for fiscal years 2013, 2012, and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$10,543, \$10,984, and \$6,402 respectively; 100 percent has been contributed for fiscal years 2013, 2012, and 2011.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

B. State Teachers Retirement System

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$45,485, \$46,553, and \$46,834 respectively. For fiscal year 2013, 77.56 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators, who work less than 260 days, do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for administrators and classified employees and 285 days for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 70 for administrators and classified employees and 71.25 days for certified employees.

B. Other Insurance Benefits

The School District provides life, accidental death and dismemberment and medical/surgical benefits to most employees through the Health Plan of the Upper Ohio Valley HMO. The Board pays 90 percent of the premiums for all certified staff and for the full time classified staff. For the part time classified staff, the board pays 85 percent of the premiums. The total monthly cost of premiums for the coverage through the Health Plan of the Upper Ohio Valley is \$502.34 single and \$1,255.87 family for medical/prescription, and \$4.09 single and \$10.17 family for vision. The School District provides dental coverage from Coresource and life insurance and accidental death and dismemberment insurance through Assurant. The total monthly cost of premiums for dental coverage is \$33.35 single and \$76.88 family. Life insurance coverage is in the amount of \$25,000 per employee at a total monthly premium of \$4.20.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

NOTE 14 – CAPITAL LEASES - LESSEE DISCLOSURE

In prior years and during 2013, the School District entered into capitalized leases for copying equipment. Capital lease payments have been reclassified from functional expenditures and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$129,779. Principal payments in fiscal year 2013 totaled \$25,662, in the governmental funds.

Future minimum lease payments through fiscal year 2018 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2014	\$27,796	\$8,204
2015	29,805	6,194
2016	31,960	4,040
2017	34,270	1,730
2018	<u>5,949</u>	<u>52</u>
Total	<u>\$129,780</u>	<u>\$20,220</u>

NOTE 15 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	<u>Principal Outstanding 6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/13</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds:					
2000 School Facilities Bonds \$3,267,000					
Serial Bonds @ 4.3%-6.7%	\$620,000	\$0	\$135,000	\$485,000	\$150,000
2007 School Improvement Refunding Bonds \$1,684,999					
Serial/Term Bonds - \$1,590,000 @ 3.85%-4.0%	1,440,000	0	30,000	1,410,000	35,000
Capital Appreciation Bonds - \$94,999 @ 4.2%-4.25%	94,999	0	0	94,999	0
Premium - \$183,348	121,278	0	11,459	109,819	0
CAB Accretion - \$390,001 @ 14.955%	111,476	32,010	0	143,486	0
2009 School Energy					
Conservation Improvement Bonds \$714,719					
Serial Bonds @ 1.85%	630,000	0	45,000	585,000	45,000
Capital Leases	3,936	151,506	25,662	129,780	27,796
Compensated Absences	671,718	104,903	79,799	696,822	53,474
Total General Long-Term Obligations	<u>\$3,693,407</u>	<u>\$288,419</u>	<u>\$326,920</u>	<u>\$3,654,906</u>	<u>\$311,270</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

2000 School Facilities General Obligation Bonds – On March 24, 2000, Barnesville Exempted Village School District issued \$3,267,000 in voted general obligation bonds. The bonds were issued for the purpose of retiring \$3,267,000 in bond anticipation notes. The notes were issued for the purpose of constructing, acquiring, reconstructing, and making additions to classroom facilities under authority of and pursuant to the general laws of the State of Ohio, particularly Chapters 133 and 3318 of the Ohio Revised Code to pay the local share of the school construction under the State of Ohio Classroom Facilities Assistance Program. The bonds were issued for a period of twenty-three years with a final maturity at December 1, 2023. During fiscal year 2007, the School District refunded \$1,685,000 of the term bonds. The advance refunded portion of the bonds were removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the debt service fund. The remaining outstanding portion of the bond issue consists of serial bonds.

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

Principal and interest requirements to retire the remaining outstanding general obligation bonds for the 2000 School Facilities General Obligation Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$150,000	\$32,265	\$182,265
2015	160,000	22,365	182,365
2016	<u>175,000</u>	<u>11,725</u>	<u>186,725</u>
Total	<u>\$485,000</u>	<u>\$66,355</u>	<u>\$551,355</u>

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

These refunding bonds were issued with a premium of \$183,348. The amortization of the premium for fiscal year 2013 was \$11,459. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$122,411, which was fully recognized at the point the refunded bonds were fully repaid.

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

The capital appreciation bonds for this issue mature December 1, 2017 and 2018. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of outstanding capital appreciation bonds is \$485,000. The 2013 accretion was recorded at \$32,010, leaving a total bond liability of \$238,485.

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The term bonds due December 1, 2016 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2011, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>December 1</u>	<u>to be Redeemed</u>
2013	\$35,000
2014	35,000
2015	35,000
	<u>\$105,000</u>

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

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

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Principal and interest requirements to retire general obligation bonds for the 2007 School Improvement Refunding Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year	Principal	Interest	Principal	Accretion	Principal	Interest
2014	\$35,000	\$55,897	\$0	\$0	\$35,000	\$55,897
2015	35,000	54,550	0	0	35,000	54,550
2016	35,000	53,203	0	0	35,000	53,203
2017	230,000	51,855	0	0	230,000	51,855
2018	0	43,000	50,431	189,569	50,431	232,569
2019-2023	1,075,000	153,200	44,568	200,432	1,119,568	353,632
Totals	\$1,410,000	\$411,705	\$94,999	\$390,001	\$1,504,999	\$801,706

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

Principal and interest requirements to retire the remaining outstanding qualified school construction bonds for the 2009 School Energy Conservation Improvement Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$45,000	\$10,406	\$55,406
2015	45,000	9,574	54,574
2016	45,000	8,740	53,740
2017	45,000	7,909	52,909
2018	45,000	7,076	52,076
2019-2023	250,000	21,739	271,739
2024-2025	110,000	2,034	112,034
Total	\$585,000	\$67,478	\$652,478

The capital lease will be paid from the General Fund. Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$11,949,747 with an unvoted debt margin of \$152,988 at June 30, 2013.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2013, the total amount paid to OME-RESA from the School District was \$44,110 for technology services and financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2013.

Educational Regional Service System Region 12 - The School District participates in the Educational Regional Service System Region 12 (ERSS), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The Board exercises total control over the operations of the System including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Belmont-Harrison Vocational School District - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, Treasurer, at Fox Shannon Place, St. Clairsville, Ohio 43950.

NOTE 17 - RELATED ORGANIZATION

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

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	197,821
Offsetting Revenue	(96,404)
Qualifying Expenditures	<u>(134,520)</u>
Total	<u>(\$33,103)</u>
Balance Carried Forward to Fiscal Year 2014	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2013	<u>\$0</u>

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

NOTE 19 – CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

B. Litigation

The School District is currently not a party to any legal proceedings.

C. Lease

The Board of Education has entered into an Oil and Gas Leases effective April 9, 2013 and continuing through April 9, 2018 with Antero Resources Appalachian Corporation. In consideration of the execution of the leases, the School District received a signing bonus of \$362,602, as well as an additional donation of \$37,500 during fiscal year 2013. The School District has a total of 63.6145 acres subject to the lease provisions which call for payments to the lessor, in addition to the bonus, royalties of 20 percent of the gross proceeds of the products subject to the lease terms, as well as additional consideration for surface use. The total carrying value of the land leased is \$293,412. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

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**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2012/2013	10.555	\$ 8,715	\$ 8,715
Cash Assistance:				
School Breakfast Program	2012/2013	10.553	76,005	76,005
National School Lunch Program	2012/2013	10.555	153,879	153,879
Cash Assistance Subtotal			<u>229,884</u>	<u>229,884</u>
Total Child Nutrition Cluster			<u>238,599</u>	<u>238,599</u>
Total U.S. Department of Agriculture			238,599	238,599
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies				
	2012	84.010	7,177	7,177
	2013		381,321	381,321
Total Title I Grants to Local Educational Agencies			<u>388,498</u>	<u>388,498</u>
Special Education Cluster (IDEA):				
Special Education, Grants to States (IDEA, Part B)				
	2012	84.027	1,598	16,900
	2013		240,802	253,909
Total Special Education, Grants to States			<u>242,400</u>	<u>270,809</u>
<i>Passed through East Central Ohio Educational Service Center:</i>				
Special Education - Preschool Grants (IDEA Preschool)				
	2013	84.173	9,156	9,156
Total Special Education Cluster (IDEA)			251,556	279,965
Twenty-First Century Community Learning Centers	2013	84.287	200,000	200,000
Improving Teacher Quality State Grants	2013	84.367	63,543	63,543
ARRA - Race to the Top, Recovery Act	2013	84.395	1,050	1,050
Total U.S. Department of Education			<u>904,647</u>	<u>933,056</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,143,246</u>	<u>\$ 1,171,655</u>

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 19, 2013, wherein we noted the School District has adopted Governmental Accounting Standards Board Statement No's. 63 and 65.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 19, 2013



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affects each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 19, 2013

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under Section .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies – CFDA #84.010 Twenty-First Century Community Learning Centers – CFDA #84.287
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

Independent Auditor's Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Barnesville Exempted Village School District, Belmont County, Ohio (the District), has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on March 17, 2010 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

September 19, 2013

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www.ohioauditor.gov

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BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 3, 2013**