



**Auditor of State  
Betty Montgomery**



**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

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**Auditor of State**  
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## **INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Barnesville Exempted Village School District, Belmont County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2003, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

February 24, 2003

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Barnesville Exempted Village School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,511,445	\$429,522	\$124,223	\$248,012
Cash and Cash Equivalents with Escrow Agents	0	0	0	282,687
Investments	0	0	0	6,103,538
Receivables:				
Property and Other Taxes	2,227,035	40,046	296,377	0
Accounts	2,751	0	0	0
Intergovernmental	3,817	130,901	0	498,114
Interfund	373,383	0	0	0
Due From Other Funds	0	0	0	0
Income Tax	0	0	0	993
Materials and Supplies Inventory	9,411	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	9,314	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	38,513	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$4,175,669</b>	<b>\$600,469</b>	<b>\$420,600</b>	<b>\$7,133,344</b>



Proprietary Fund Type		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$12,242	\$0	\$122,554	\$0	\$0	\$2,447,998
0	0	0	0	0	282,687
0	0	0	0	0	6,103,538
0	0	0	0	0	2,563,458
0	0	0	0	0	2,751
32,881	0	0	0	0	665,713
0	0	0	0	0	373,383
0	117,270	0	0	0	117,270
0	0	0	0	0	993
1,475	0	0	0	0	10,886
5,697	0	0	0	0	5,697
0	0	0	0	0	9,314
0	0	0	0	0	38,513
12,916	0	0	23,190,811	0	23,203,727
0	0	0	0	232,854	232,854
0	0	0	0	3,922,645	3,922,645
<b>\$65,211</b>	<b>\$117,270</b>	<b>\$122,554</b>	<b>\$23,190,811</b>	<b>\$4,155,499</b>	<b>\$39,981,427</b>

(continued)

Barnesville Exempted Village School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups (Continued)  
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Liabilities Fund Equity and Other Credits:</u></b>				
<i>Liabilities:</i>				
Accounts Payable	\$25,645	\$1,593	\$0	\$16,694
Contracts	0	0	0	858,759
Accrued Wages and Benefits	793,185	90,558	0	0
Compensated Absences Payable	9,829	0	0	0
Retainage Payable	0	0	0	282,687
Interfund Payable	0	35,538	0	0
Due To Other Funds	95,989	17,192	0	0
Intergovernmental Payable	138,083	11,032	0	0
Deferred Revenue	1,410,527	66,761	187,746	391,974
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Long-Term Pension Liability	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>2,473,258</b>	<b>222,674</b>	<b>187,746</b>	<b>1,550,114</b>
<i>Fund Equity and Other Credits:</i>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	271,739	20,570	0	3,867,166
Reserved for Inventory	9,411	0	0	0
Reserved for Property Taxes	820,325	14,680	108,631	0
Reserved for Bus Purchase	38,513	0	0	0
Unreserved:				
Undesignated (Deficit)	562,423	342,545	124,223	1,716,064
<b>Total Fund Equity and Other Credits</b>	<b>1,702,411</b>	<b>377,795</b>	<b>232,854</b>	<b>5,583,230</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$4,175,669</b>	<b>\$600,469</b>	<b>\$420,600</b>	<b>\$7,133,344</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$1,629	\$0	\$0	\$0	\$0	\$45,561
0	0	0	0	0	858,759
27,009	0	0	0	0	910,752
22,213	0	0	0	898,101	930,143
0	0	0	0	0	282,687
141,753	196,092	0	0	0	373,383
4,089	0	0	0	0	117,270
6,900	0	0	0	0	156,015
15,812	0	0	0	0	2,072,820
0	0	71,688	0	0	71,688
0	136,822	0	0	0	136,822
0	0	0	0	67,398	67,398
0	0	0	0	3,190,000	3,190,000
<u>219,405</u>	<u>332,914</u>	<u>71,688</u>	<u>0</u>	<u>4,155,499</u>	<u>9,213,298</u>
0	0	0	23,190,811	0	23,190,811
130,987	0	0	0	0	130,987
(285,181)	(215,644)	0	0	0	(500,825)
0	0	18,000	0	0	4,177,475
0	0	0	0	0	9,411
0	0	0	0	0	943,636
0	0	0	0	0	38,513
<u>0</u>	<u>0</u>	<u>32,866</u>	<u>0</u>	<u>0</u>	<u>2,778,121</u>
<u>(154,194)</u>	<u>(215,644)</u>	<u>50,866</u>	<u>23,190,811</u>	<u>0</u>	<u>30,768,129</u>
<u><b>\$65,211</b></u>	<u><b>\$117,270</b></u>	<u><b>\$122,554</b></u>	<u><b>\$23,190,811</b></u>	<u><b>\$4,155,499</b></u>	<u><b>\$39,981,427</b></u>

Barnesville Exempted Village School District, Ohio  
 Combined Statement of Revenues, Expenditures and  
 Changes In Fund Balances  
 All Governmental and Similar Fiduciary Fund Types  
 For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<i>Revenues:</i>						
Property and Other Taxes	\$2,634,657	\$46,881	\$346,922	\$0	\$0	\$3,028,460
Intergovernmental	6,056,868	1,041,114	34,942	8,043,917	0	15,176,841
Interest	69,827	4,707	3,141	158,204	1,387	237,266
Tuition and Fees	14,426	0	0	0	0	14,426
Extracurricular Activities	0	112,765	0	0	49	112,814
Gifts and Donations	100	10,598	0	4,927	3,000	18,625
Rent	2,800	0	0	0	0	2,800
Income Tax	0	0	0	8,485	0	8,485
Miscellaneous	90,198	16,406	0	500	0	107,104
<b>Total Revenues</b>	<b>8,868,876</b>	<b>1,232,471</b>	<b>385,005</b>	<b>8,216,033</b>	<b>4,436</b>	<b>18,706,821</b>
<i>Expenditures:</i>						
Current:						
Instruction:						
Regular	3,788,583	217,808	0	73,697	0	4,080,088
Special	668,176	371,887	0	205	0	1,040,268
Vocational	293,602	0	0	573	0	294,175
Other	33,429	0	0	0	0	33,429
Support Services:						
Pupils	348,877	54,418	0	35,613	8,250	447,158
Instructional Staff	370,195	131,211	0	0	0	501,406
Board of Education	73,738	0	0	0	0	73,738
Administration	807,423	49,155	0	0	0	856,578
Fiscal	221,346	368	2,764	7,974	0	232,452
Operation and Maintenance of Plant	747,766	0	0	31,723	0	779,489
Pupil Transportation	605,259	25,892	0	31,126	0	662,277
Central	170,181	72,780	0	27,424	0	270,385
Operation of Non-Instructional Services	0	38,837	0	0	0	38,837
Extracurricular Activities	140,862	79,327	0	0	0	220,189
Capital Outlay	100,955	500	0	12,252,361	0	12,353,816
Debt Service:						
Principal Retirement	0	0	55,000	0	0	55,000
Interest and Fiscal Charges	0	0	185,960	0	0	185,960
<b>Total Expenditures</b>	<b>8,370,392</b>	<b>1,042,183</b>	<b>243,724</b>	<b>12,460,696</b>	<b>8,250</b>	<b>22,125,245</b>
Excess of Revenues Over (Under) Expenditures	498,484	190,288	141,281	(4,244,663)	(3,814)	(3,418,424)
<i>Other Financing Sources (Uses):</i>						
Operating Transfers In	0	379	0	91,000	0	91,379
Operating Transfers Out	(91,379)	0	0	0	0	(91,379)
<b>Total Other Financing Sources (Uses)</b>	<b>(91,379)</b>	<b>379</b>	<b>0</b>	<b>91,000</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	407,105	190,667	141,281	(4,153,663)	(3,814)	(3,418,424)
Fund Balances at						
Beginning of Year Restated (Note 3)	1,310,785	187,128	91,573	9,736,893	54,680	11,381,059
Decrease in Reserve for Inventory	(15,479)	0	0	0	0	(15,479)
<b>Fund Balances at End of Year</b>	<b>\$1,702,411</b>	<b>\$377,795</b>	<b>\$232,854</b>	<b>\$5,583,230</b>	<b>\$50,866</b>	<b>\$7,947,156</b>

See accompanying notes to the general purpose financial statements

Barnesville Exempted Village School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental and Similar Fiduciary Fund Types  
 For the Fiscal Year Ended June 30, 2002

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>						
Property and Other Taxes	\$1,943,000	\$1,939,779	(\$3,221)	\$34,000	\$34,681	\$681
Intergovernmental	6,058,308	6,056,868	(1,440)	1,024,955	967,963	(56,992)
Interest	70,000	63,806	(6,194)	5,054	4,707	(347)
Tuition and Fees	18,732	15,160	(3,572)	0	0	0
Extracurricular Activities	0	0	0	116,935	114,879	(2,056)
Gifts and Donations	0	100	100	34,046	10,597	(23,449)
Rent	33,150	2,800	(30,350)	0	0	0
Income Tax	0	0	0	0	0	0
Miscellaneous	52,828	87,784	34,956	0	16,545	16,545
<i>Total Revenues</i>	<u>8,176,018</u>	<u>8,166,297</u>	<u>(9,721)</u>	<u>1,214,990</u>	<u>1,149,372</u>	<u>(65,618)</u>
<i>Expenditures:</i>						
Current:						
Instruction:						
Regular	3,886,851	3,802,107	84,744	294,709	201,712	92,997
Special	737,585	675,266	62,319	431,656	375,970	55,686
Vocational	331,086	312,193	18,893	0	0	0
Other	38,214	32,153	6,061	0	0	0
Support Services:						
Pupils	361,005	346,669	14,336	90,719	55,694	35,025
Instructional Staff	377,529	362,808	14,721	134,304	131,831	2,473
Board of Education	85,799	84,069	1,730	0	0	0
Administration	843,181	817,474	25,707	47,858	48,095	(237)
Fiscal	250,550	225,245	25,305	1,000	373	627
Operation and Maintenance of Plant	1,233,700	988,936	244,764	1,060	0	1,060
Pupil Transportation	616,697	621,065	(4,368)	25,892	25,892	0
Central	173,096	157,819	15,277	82,468	73,465	9,003
Operation of Non-Instructional Services	0	0	0	76,582	45,662	30,920
Extracurricular Activities	146,785	139,788	6,997	113,717	94,260	19,457
Capital Outlay	101,000	101,955	(955)	0	500	(500)
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<i>Total Expenditures</i>	<u>9,183,078</u>	<u>8,667,547</u>	<u>515,531</u>	<u>1,299,965</u>	<u>1,053,454</u>	<u>246,511</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,007,060)</u>	<u>(501,250)</u>	<u>505,810</u>	<u>(84,975)</u>	<u>95,918</u>	<u>180,893</u>
<i>Other Financing Sources (Uses):</i>						
Operating Transfers In	225,000	0	(225,000)	379	379	0
Operating Transfers Out	(310,832)	(91,379)	219,453	0	0	0
Advances In	75,056	75,056	0	13,288	35,538	22,250
Advances Out	(341,133)	(373,383)	(32,250)	(3,900)	(3,808)	92
<i>Total Other Financing Sources (Uses)</i>	<u>(351,909)</u>	<u>(389,706)</u>	<u>(37,797)</u>	<u>9,767</u>	<u>32,109</u>	<u>22,342</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,358,969)</u>	<u>(890,956)</u>	<u>468,013</u>	<u>(75,208)</u>	<u>128,027</u>	<u>203,235</u>
Fund Balances at Beginning of Year	1,715,978	1,715,978	0	209,488	209,488	0
Prior Year Encumbrances Appropriated	413,164	413,164	0	66,405	66,405	0
<b>Fund Balances at End of Year</b>	<u><b>\$770,173</b></u>	<u><b>\$1,238,186</b></u>	<u><b>\$468,013</b></u>	<u><b>\$200,685</b></u>	<u><b>\$403,920</b></u>	<u><b>\$203,235</b></u>

See accompanying notes to the general purpose financial statements

(continued)

Barnesville Exempted Village School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental and Similar Fiduciary Fund Types (Continued)  
 For the Fiscal Year Ended June 30, 2002

	Debt Service Fund			Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>						
Property and Other Taxes	\$260,000	\$256,640	(\$3,360)	\$0	\$0	\$0
Intergovernmental	35,000	34,942	(58)	8,006,700	8,004,474	(2,226)
Interest	5,000	3,141	(1,859)	241,000	151,106	(89,894)
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	24,000	23,214	(786)
Rent	0	0	0	0	0	0
Income Tax	0	0	0	108,000	107,251	(749)
Miscellaneous	0	0	0	800	500	(300)
<i>Total Revenues</i>	<u>300,000</u>	<u>294,723</u>	<u>(5,277)</u>	<u>8,380,500</u>	<u>8,286,545</u>	<u>(93,955)</u>
<i>Expenditures:</i>						
<i>Current:</i>						
<i>Instruction:</i>						
Regular	0	0	0	76,700	73,697	3,003
Special	0	0	0	0	205	(205)
Vocational	0	0	0	600	573	27
Other	0	0	0	0	0	0
<i>Support Services:</i>						
Pupils	0	0	0	101,813	76,352	25,461
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	5,500	2,764	2,736	25,500	19,732	5,768
Operation and Maintenance of Plant	0	0	0	52,076	31,723	20,353
Pupil Transportation	0	0	0	35,000	31,126	3,874
Central	0	0	0	47,059	41,915	5,144
Operation of Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	29,401,663	15,830,936	13,570,727
<i>Debt Service:</i>						
Principal Retirement	55,000	55,000	0	0	0	0
Interest and Fiscal Charges	185,960	185,960	0	0	0	0
<i>Total Expenditures</i>	<u>246,460</u>	<u>243,724</u>	<u>2,736</u>	<u>29,740,411</u>	<u>16,106,259</u>	<u>13,634,152</u>
Excess of Revenues Over (Under) Expenditures	<u>53,540</u>	<u>50,999</u>	<u>(2,541)</u>	<u>(21,359,911)</u>	<u>(7,819,714)</u>	<u>13,540,197</u>
<i>Other Financing Sources (Uses):</i>						
Operating Transfers In	0	0	0	100,000	91,000	(9,000)
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>91,000</u>	<u>(9,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	53,540	50,999	(2,541)	(21,259,911)	(7,728,714)	13,531,197
Fund Balances at Beginning of Year	73,223	73,223	0	(3,751,375)	(3,751,375)	0
Prior Year Encumbrances Appropriated	1	1	0	13,364,145	13,364,145	0
<b>Fund Balances at End of Year</b>	<b><u>\$126,764</u></b>	<b><u>\$124,223</u></b>	<b><u>(\$2,541)</u></b>	<b><u>(\$11,647,141)</u></b>	<b><u>\$1,884,056</u></b>	<b><u>\$13,531,197</u></b>

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,237,000	\$2,231,100	(\$5,900)
0	0	0	15,124,963	15,064,247	(60,716)
2,460	1,387	(1,073)	323,514	224,147	(99,367)
0	0	0	18,732	15,160	(3,572)
50	49	(1)	116,985	114,928	(2,057)
17,100	3,000	(14,100)	75,146	36,911	(38,235)
0	0	0	33,150	2,800	(30,350)
0	0	0	108,000	107,251	(749)
0	0	0	53,628	104,829	51,201
<u>19,610</u>	<u>4,436</u>	<u>(15,174)</u>	<u>18,091,118</u>	<u>17,901,373</u>	<u>(189,745)</u>
0	0	0	4,258,260	4,077,516	180,744
0	0	0	1,169,241	1,051,441	117,800
0	0	0	331,686	312,766	18,920
0	0	0	38,214	32,153	6,061
39,500	26,250	13,250	593,037	504,965	88,072
0	0	0	511,833	494,639	17,194
0	0	0	85,799	84,069	1,730
0	0	0	891,039	865,569	25,470
0	0	0	282,550	248,114	34,436
0	0	0	1,286,836	1,020,659	266,177
0	0	0	677,589	678,083	(494)
0	0	0	302,623	273,199	29,424
0	0	0	76,582	45,662	30,920
0	0	0	260,502	234,048	26,454
0	0	0	29,502,663	15,933,391	13,569,272
0	0	0	55,000	55,000	0
0	0	0	185,960	185,960	0
<u>39,500</u>	<u>26,250</u>	<u>13,250</u>	<u>40,509,414</u>	<u>26,097,234</u>	<u>14,412,180</u>
<u>(19,890)</u>	<u>(21,814)</u>	<u>(1,924)</u>	<u>(22,418,296)</u>	<u>(8,195,861)</u>	<u>14,222,435</u>
0	0	0	325,379	91,379	(234,000)
0	0	0	(310,832)	(91,379)	219,453
0	0	0	88,344	110,594	22,250
0	0	0	(345,033)	(377,191)	(32,158)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(242,142)</u>	<u>(266,597)</u>	<u>(24,455)</u>
(19,890)	(21,814)	(1,924)	(22,660,438)	(8,462,458)	14,197,980
41,431	41,431	0	(1,711,255)	(1,711,255)	0
13,250	13,250	0	13,856,965	13,856,965	0
<b><u>\$34,791</u></b>	<b><u>\$32,867</u></b>	<b><u>(\$1,924)</u></b>	<b><u>(10,514,728)</u></b>	<b><u>3,683,252</u></b>	<b><u>14,197,980</u></b>

Barnesville Exempted Village School District, Ohio  
Statement of Revenues,  
Expenses and Changes in Fund Equity  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
<i><u>Operating Revenues:</u></i>			
Sales	\$92,556	\$0	\$92,556
Charges for Services	0	650,358	650,358
Other Revenues	16,756	71,984	88,740
<i>Total Operating Revenues</i>	<i>109,312</i>	<i>722,342</i>	<i>831,654</i>
<i><u>Operating Expenses:</u></i>			
Salaries and Wages	119,194	0	119,194
Fringe Benefits	55,640	0	55,640
Purchased Services	282	83,640	83,922
Materials and Supplies	33,075	0	33,075
Cost of Sales	126,617	0	126,617
Depreciation	672	0	672
Claims	0	815,298	815,298
Other Expenses	925	0	925
<i>Total Operating Expenses</i>	<i>336,405</i>	<i>898,938</i>	<i>1,235,343</i>
Operating Loss	(227,093)	(176,596)	(403,689)
<i><u>Non-Operating Revenues :</u></i>			
Federal Donated Commodities	15,717	0	15,717
Operating Grants	120,272	0	120,272
<i>Total Non-Operating Revenues</i>	<i>135,989</i>	<i>0</i>	<i>135,989</i>
Net Loss	(91,104)	(176,596)	(267,700)
Retained Earnings (Deficit) at Beginning of Year	(194,077)	(39,048)	(233,125)
Retained Earnings (Deficit) at End of Year	(285,181)	(215,644)	(500,825)
Contributed Capital at Beginning and End of Year	130,987	0	130,987
<b>Total Fund Equity (Deficit) at End of Year</b>	<b>(\$154,194)</b>	<b>(\$215,644)</b>	<b>(\$369,838)</b>

See accompanying notes to the general purpose financial statement



Barnesville Exempted Village School District, Ohio  
Statement of Revenues, Expenses and Changes in  
Fund Equity - Budget and Actual (Budget Basis)  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2002

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>			
Sales	\$103,000	\$92,556	(\$10,444)
Charges for Services	0	0	0
Other Revenues	16,800	16,777	(23)
Operating Grants	105,200	102,347	(2,853)
<i>Total Revenues</i>	<i>225,000</i>	<i>211,680</i>	<i>(13,320)</i>
<i>Expenses:</i>			
Salaries and Wages	117,640	98,552	19,088
Fringe Benefits	72,690	69,054	3,636
Purchased Services	500	282	218
Materials and Supplies	135,400	155,941	(20,541)
Other Expenses	1,500	924	576
<i>Total Expenses</i>	<i>327,730</i>	<i>324,753</i>	<i>2,977</i>
Excess of Revenues Under Expenses	(102,730)	(113,073)	(10,343)
Advances In	131,753	141,753	10,000
Advances Out	(29,000)	(27,459)	1,541
Excess of Revenues and Advances In Over Expenses and Advances Out	23	1,221	1,198
Fund Equity at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Equity at End of Year</b>	<b>\$23</b>	<b>\$1,221</b>	<b>\$1,198</b>

See accompanying notes to the general purpose financial statements

(continued)

Barnesville Exempted Village School District, Ohio  
Statement of Revenues, Expenses and Changes in  
Fund Equity - Budget and Actual (Budget Basis)  
All Proprietary Fund Types (Continued)  
For the Fiscal Year Ended June 30, 2002

	<u>Internal Service Funds</u>			<u>Totals (Memorandum Only)</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>Revenues:</i>						
Sales	\$0	\$0	\$0	\$103,000	\$92,556	(\$10,444)
Charges for Services	759,828	687,843	(71,985)	759,828	687,843	(71,985)
Other Revenues	0	71,984	71,984	16,800	88,761	71,961
Operating Grants	0	0	0	105,200	102,347	(2,853)
<i>Total Revenues</i>	<u>759,828</u>	<u>759,827</u>	<u>(1)</u>	<u>984,828</u>	<u>971,507</u>	<u>(13,321)</u>
<i>Expenses:</i>						
Salaries and Wages	0	0	0	117,640	98,552	19,088
Fringe Benefits	877,190	826,205	50,985	949,880	895,259	54,621
Purchased Services	34,941	85,925	(50,984)	35,441	86,207	(50,766)
Materials and Supplies	0	0	0	135,400	155,941	(20,541)
Other Expenses	0	0	0	1,500	924	576
<i>Total Expenses</i>	<u>912,131</u>	<u>912,130</u>	<u>1</u>	<u>1,239,861</u>	<u>1,236,883</u>	<u>2,978</u>
Excess of Revenues Under Expenses	(152,303)	(152,303)	0	(255,033)	(265,376)	(10,343)
Advances In	196,092	196,092	0	327,845	337,845	10,000
Advances Out	(43,789)	(43,789)	0	(72,789)	(71,248)	1,541
Excess of Revenues and Advances In Over Expenses and Advances Out	0	0	0	23	1,221	1,198
Fund Equity at Beginning of Year	0	0	0	0	0	0
Prior Year Encumbrances Appropriated	0	0	0	0	0	0
<b>Fund Equity at End of Year</b>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$23</u></u>	<u><u>\$1,221</u></u>	<u><u>\$1,198</u></u>

Barnesville Exempted Village School District, Ohio  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
<i>Increase (Decrease) in Cash and Cash Equivalents:</i>			
<i>Cash Flows from Operating Activities:</i>			
Cash Received from Sales	\$92,556	\$0	\$92,556
Cash Received from Quasi-External Transactions with Other Funds	0	687,843	687,843
Cash Received from Other Revenues	16,757	71,984	88,741
Cash Payments for Other Expenses	(925)	0	(925)
Cash Payments to Suppliers for Goods and Services	(146,070)	(85,925)	(231,995)
Cash Payments for Employee Services	(98,552)	0	(98,552)
Cash Payments for Employee Benefits	(69,020)	0	(69,020)
Cash Payments for Claims	0	(826,205)	(826,205)
<i>Net Cash Used by Operating Activities</i>	<u>(205,254)</u>	<u>(152,303)</u>	<u>(357,557)</u>
<i>Cash Flows from Noncapital Financing Activities:</i>			
Operating Grants Received	102,347	0	102,347
Advance In	141,753	196,092	337,845
Advance Out	(27,459)	(43,789)	(71,248)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>216,641</u>	<u>152,303</u>	<u>368,944</u>
Net Increase in Cash and Cash Equivalents	11,387	0	11,387
Cash and Cash Equivalents at Beginning of Year	0	0	0
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$11,387</u>	<u>\$0</u>	<u>11,387</u>
<i>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</i>			
Operating Loss	(227,093)	(176,596)	(403,689)
<i>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:</i>			
Depreciation	672	0	672
Donated Commodities Received During Year	15,717	0	15,717
<i>Changes in Assets and Liabilities:</i>			
Decrease in Due From Other Funds	0	35,200	35,200
Increase in Inventory Held for Resale	(3,537)	0	(3,537)
Decrease in Materials and Supply Inventory	95	0	95
Decrease in Claims Payable	0	(10,907)	(10,907)
Increase in Accounts Payable	1,629	0	1,629
Increase in Compensated Absences Payable	3,482	0	3,482
Decrease in Intergovernmental Payable	(1,539)	0	(1,539)
Decrease in Due To Other Funds	(481)	0	(481)
Increase in Accrued Wages Payable	5,800	0	5,800
<i>Total Adjustments</i>	<u>21,838</u>	<u>24,293</u>	<u>46,131</u>
<i>Net Cash Used by Operating Activities</i>	<u>(\$205,255)</u>	<u>(\$152,303)</u>	<u>(\$357,558)</u>
<b>Reconciliation of Cash and Cash Equivalents - Enterprise Funds:</b>			
6/30/02 Cash and Cash Equivalents	12,242		
Unrecorded Cash	(855)		
Cash and Cash Equivalents per Cash Flow Statement	<u>11,387</u>		

*Noncash Operating Activities:*

Federal Donated Commodities in the amount of \$15,717 were received during the year and recorded as revenue in the Enterprise fund.

See accompanying notes to the general purpose financial statements

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Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Barnesville Exempted Village School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state and/or federal agencies. This Board controls the School District's 4 instructional/support facilities staffed by 56 non-certified employees, 106 certificated full time teaching personnel and 5 administrative employees to provide services to approximately 1,345 students and other community members.

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

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

*Reporting Entity:*

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. No separate government units meet the criteria for inclusion as a component unit.

Included within the reporting entity:

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

The School District participates in six organizations, three of which are defined as jointly governed organizations, two which are defined as an insurance purchasing pool and one which is defined as a related organization. These organizations are the Ohio Mid-Eastern Educational Service Agency, the

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

Belmont-Harrison Vocational School District, the East Central Ohio Special Education Regional Resource Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio Mid-Eastern Regional Educational Service Agency and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 18 through 20 to the general purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

*Governmental Fund Types:*

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

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

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

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

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

*Proprietary Fund Type:*

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

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

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

*Fiduciary Fund Types:*

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

*Account Groups:*

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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

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

*Revenue Recognition:*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty 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 an accrual basis. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7)

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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



Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**C. Budgetary Process**

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

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

*Tax Budget:*

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

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

*Estimated Resources:*

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

*Appropriations:*

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, several supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

*Lapsing of Appropriations:*

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

**D. Cash and Cash Equivalents**

Cash balances of the School District's funds are pooled and invested in short-term investments in order to provide improved cash management. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2002, investments were limited to SuperNow, Special Arrangement Accounts, Sweep Accounts and Prime Money Market interest bearing checking accounts. Sweep accounts and repurchase agreements are reported at cost and presented on the balance sheet as "Investments."

The School District has segregated bank accounts for monies held separate from the School District's central bank account. This account is maintained for escrow accounts for monies being held by the School District on behalf of contractors and is presented on the balance sheet as "cash and cash equivalents with escrow agents" since they are not required to be deposited into the School District treasury.

The School District has a segregated bank account for monies held by the School District's third party administrator, OME-RESA, for the School District's self-insurance program. This interest bearing depository account is presented in the combined balance sheet as "cash and cash equivalents with fiscal agents" since it is not required to be deposited into the School District treasury. At June 30, 2002, there was a zero balance.

Under existing Ohio Statutes, the Board of Education may, by resolution, specify the funds to receive an allocation of interest earnings. During fiscal year 2002, all investment earnings were credited to the general fund except those specifically related to certain special revenue funds, the permanent improvement and school facility capital projects fund, the debt service fund and expendable trust funds. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$69,827, which includes \$11,871 assigned from other School District funds. Interest revenue credited to the special revenue funds, the permanent improvement, school facility and shamrock recognition hall capital projects funds, the debt service fund, and the expendable trust funds amounted to \$4,707, \$8,360, \$148,536 and \$1,308, \$3,141 and \$1,387, respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**E. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues for the purchase of buses and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

**F. Estimates**

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

**G. Inventory**

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

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**I. Fixed Assets and Depreciation**

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

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

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

**J. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
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**K. Compensated Absences**

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

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**L. Accrued Liabilities and Long-Term Obligations**

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

**M. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**N. Fund Balance Reserves**

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

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

Barnesville Exempted Village School District, Ohio  
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For the Fiscal Year Ended June 30, 2002

**O. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received contributions from other funds, other governments, and private sources. Beginning in fiscal year 2001, capital contributions from other governments and private sources are recorded as revenues and reported as net earnings. Contributions from other funds continue to be reported as contributed capital.

**P. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 – RESTATEMENT OF FUND BALANCE**

The excess of revenues and other financing sources over/(under) expenditures and other financing uses for the general fund, the special revenue funds and the capital projects funds resulted in restatements from an error in reporting encumbrances and classifying funds as follows:

The correction of error had the following effects on fund balance at June 30, 2001:

<b>Fund:</b>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Fund Balance at June 30, 2001	\$1,301,549	\$213,247	\$9,720,010
Correction of Error	0	(16,883)	16,883
Reclassification of fund	9,236	(9,236)	0
Restated Fund Balance at June 30, 2001	<u>\$1,310,785</u>	<u>\$187,128</u>	<u>\$9,736,893</u>

The effect of such changes noted above on the Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses previously reported and net income for the fiscal year ending June 30, 2001 is as follows:

<b>Fund:</b>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses at June 30, 2001	\$195,279	\$29,538	\$5,396,438
Net Revenue Restatements	9,236	(26,119)	16,883
Restated Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses at June 30, 2001	<u>\$204,515</u>	<u>\$3,419</u>	<u>\$5,413,321</u>

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

**NOTE 4 – ACCOUNTABILITY AND FUND DEFICITS**

At June 30, 2002, the following funds had deficit fund balances/retained earnings:

	<u>Deficit Fund Balance</u>	<u>Deficit Retained Earnings</u>
<b>Special Revenue Fund:</b>		
Title I	\$1,446	
Title VI	3,616	
<b>Enterprise Fund:</b>		
Food Service		\$154,194
<b>Internal Service Fund:</b>		
Self Insurance		215,644

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Unrecorded cash and unrecorded interest are reported on the balance sheet and operating statements (GAAP basis), but not on the budgetary basis. The reconciled difference is reflected in the following tables as unrecorded cash.

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

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental and Similar Fiduciary Fund Types

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$407,105	\$190,667	\$141,281	(\$4,153,663)	(\$3,814)
Revenue Accruals	(696,485)	(79,649)	(90,282)	78,570	0
Unrecorded Cash	(6,094)	(3,450)	0	(8,058)	0
Advances	(298,327)	31,730	0	0	0
Expenditure Accruals	8,523	10,880	0	1,096,560	0
Encumbrances	(305,678)	(22,151)	0	(4,742,123)	(18,000)
Budget Basis	<u>(\$890,956)</u>	<u>\$128,027</u>	<u>\$50,999</u>	<u>(\$7,728,714)</u>	<u>(\$21,814)</u>

Net Loss/Excess of Revenues and Advances In Over Expenses  
and Advances Out All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$91,104)	(\$176,596)
Revenue Accruals	(17,050)	37,485
Expense Accruals	8,891	(13,192)
Depreciation Expense	672	0
Advances	114,295	152,303
Unrecorded Cash	(855)	0
Materials and Supply Inventory	(3,537)	0
Inventory Held For Resale	95	0
Encumbrances	(10,186)	0
Budget Basis	<u>\$1,221</u>	<u>\$0</u>

**NOTE 6 - CASH AND CASH EQUIVALENTS**

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

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

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.



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

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$2,769,198 and the bank balance was \$3,148,301. Of the bank balance \$100,000 was covered by federal depository insurance and \$3,048,301 was uncollateralized and uninsured. Although the securities serving as collateral were held by the pledging financial institution's trust department or agent in the School District's name and all State statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

*Investments:* The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name.

	Category 2	Category 3	Carrying and Fair Value
Repurchase Agreement	\$0	\$6,103,538	\$6,103,538
Total			\$6,103,538

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$2,769,198	\$6,103,538
GASB Statement 3	\$2,769,198	\$6,103,538

At June 30, 2002, the School District's internal service fund had no balance with OME-RESA, a jointly governed organization (See Note 19). Any money held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents and investments for the OME-RESA Self - Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to Ohio Mid Eastern Regional Education Service Agency Self-Insurance Plan, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

Barnesville Exempted Village School District, Ohio  
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For the Fiscal Year Ended June 30, 2002

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 property taxes are levied after April 1, 2002 on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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

2002 tangible personal property taxes are levied after April 1, 2002 on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second Half Collections		2002 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$66,036,690	84.09%	\$67,279,230	85.83%
Public Utility Personal	6,953,260	8.85%	5,931,070	7.57%
Tangible Personal	5,544,570	7.06%	5,172,790	6.60%
	\$78,534,520	100.00%	\$78,383,090	100.00%
Tax Rate per \$1,000 of assessed valuation		\$46.10		\$46.10

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.

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

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Barnesville Exempted Village School District, Ohio  
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Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance, at June 30, 2002 was \$820,325 in the General Fund, \$108,631 in the Debt Service Fund and \$14,680 in the Classroom Facilities Maintenance Special Revenue Fund and is recognized as revenue. At June 30, 2001, \$125,447 was available to General fund, \$18,349 to the Debt Service Fund and \$2,480 to the Classroom Facilities Maintenance Special Revenue Fund.

**NOTE 8 – INCOME TAX**

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

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2002, consisted of property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

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<u>Intergovernmental Receivables</u>	<u>Amounts</u>
<b>General Fund:</b>	
E-Rate	\$3,817
Total General Fund	<u>3,817</u>
<b>Special Revenue Funds:</b>	
Title IVB	11,094
Math and Science State Grant	1,036
Title IVR	25,453
Drug Free	1,561
Title I	89,506
Title VI	2,251
Total Special Revenue Funds	<u>130,901</u>
<b>Capital Project Fund:</b>	
School Facilities	498,114
Total Capital Projects Fund	<u>498,114</u>
<b>Enterprise Funds:</b>	
Food Service	32,881
Total Enterprise Funds	<u>32,881</u>
Total Intergovernmental Receivables	<u><u>\$665,713</u></u>

Barnesville Exempted Village School District, Ohio  
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**NOTE 10- FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$146,712
Less Accumulated Depreciation	(133,796)
Net Fixed Assets	\$12,916

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance at 6/30/01	Additions	Deletions	Balance at 6/30/02
Land and Improvements	\$218,174	\$0	\$0	\$218,174
Buildings and Improvements	5,310,244	0	0	5,310,244
Furniture, Fixtures and Equipment	2,297,629	68,717	25,924	2,340,422
Vehicles	670,619	104,463	0	775,082
Textbooks and Library Books	482,403	0	0	482,403
Construction in Progress	2,263,649	11,800,837	0	14,064,486
Totals	\$11,242,718	\$11,974,017	\$25,924	\$23,190,811

**NOTE 11 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002 the School District contracted with Ohio School Insurance Program for property and inland marine coverage, and for fleet insurance and liability insurance. Coverage's provided by Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$31,973,072
Inland Marine Coverage (\$,0100 deductible)	954,445
Boiler and Machinery (\$500 deductible)	3,000,000
Crime Insurance (\$500 deductable)	10,000
Automotive Liability (\$1,000 deductible)	1,000,000
Uninsured Motorist (\$1,000 deductible)	1,000,000
General Liability-Per Occurance	2,000,000
Total Per Year	4,000,000

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group rating Program (the Plan), an insurance purchasing pool (Note 19). The plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all

Barnesville Exempted Village School District, Ohio  
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school districts in the Plan. Each participant pays its rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Plan.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

The school districts apply for participation each year. The firm of Gates McDonald and Co. provides administrative, cost control and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

Medical, prescription, dental and vision insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool, consisting of participating schools within the OME-RESA computer consortium region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$136,822 reported in the internal service fund at June 30, 2002 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The following table reflects changes in claims activity for fiscal year 2001 and fiscal year 2002:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2001	\$106,825	\$742,784	\$701,880	\$147,729
2002	\$147,729	\$815,298	\$826,205	\$136,822

At year end, the Self Insurance Fund received an advance from the General Fund to cover a continuing operating loss in the Self Insurance Fund. As of July 1, 2002, the School District has raised the employee and employer portion of health care premiums by an average of 21.25 percent to cover fiscal year 2003 costs and to help reduce the under funded liability.

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

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$70,383, \$42,963 and \$44,975 respectively; 51.85 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$33,893 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

### **B. State Teachers Retirement System**

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$399,465, \$448,900 and \$249,737, respectively; 81.86 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$72,461 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds.

### **C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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

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

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
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All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$189,220 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$125,929.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

**NOTE 14 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 68 <sup>3</sup>/<sub>4</sub> days for all employees.

**B. Health/Life Insurance**

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



Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

90% by the Board and 10% by the employee. The cost of premiums for the coverage through the Health Plan of the Upper Ohio Valley and the life insurance and accidental death and dismemberment insurance is funded entirely by the Board.

**NOTE 15 - LONG - TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
School Facilities				
Bonds 2000 Various Rates	\$3,245,000	\$0	\$55,000	\$3,190,000
Compensated Absences	835,727	327,420	265,046	898,101
Long-Term Pension Obligation	57,781	67,398	57,781	67,398
Total General Long-Term Obligations	<u>\$4,138,508</u>	<u>\$394,818</u>	<u>\$377,827</u>	<u>\$4,155,499</u>

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

Date	Principal Amount to be Redeemed
2021	\$275,000

Unless otherwise called for redemption, the remaining \$295,000 principal amount of the Bonds due December 31, 2021 is to be paid at stated maturity.

The bonds maturing on December 1 in each of the years 2000 through 2015 are not subject to optional call for redemption prior to their respective maturity dates.

The bonds maturing on December 1, 2016 and thereafter are subject to optional redemption, in whole or in part on any date and by lot within a maturity, at the option of the School District on or after December 1, 2010 as follows:

Redemption Dates	Redemption Price
December 1, 2010 through November 30, 2011	101 percent
December 1, 2011 and thereafter	100 percent

If fewer than all of the outstanding bonds of a single maturity are called for redemption, the selection of the bonds to be redeemed, or portions thereof in amounts of \$5,000 or any integral multiple thereof, shall

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

be made by lot by the Paying Agent and Registrar in any manner which the Paying Agent and Registrar may determine.

Compensated absences and the long-term pension obligation will be paid from the fund from which the employees' salaries are paid. The School District's voted legal debt margin was \$7,054,478 with an unvoted debt margin of \$78,383 at June 30, 2002.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2003	\$60,000	\$183,313	\$243,313
2004	60,000	180,463	240,463
2005	70,000	177,308	247,308
2006	75,000	173,718	248,718
2007	75,000	169,949	244,949
2008-2023	2,850,000	1,615,433	4,465,433
Total	<u>\$3,190,000</u>	<u>\$2,500,184</u>	<u>\$5,690,184</u>

**NOTE 16 – CONTRACTUAL COMMITMENTS**

As of June 30, 2002, the School District had the following contractual purchase commitments:

Project	Total Contract	Expenditures Since Inception	Outstanding at 6/30/02
Classroom Facilities	\$16,820,311	\$14,064,486	\$2,755,825

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

**NOTE 17 – INTERFUND ACTIVITY**

At June 30, 2002, the School District had the following interfund receivables/payables and due from/to other funds:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>General</b>	\$373,383	\$0
Total General Fund	<u>373,383</u>	<u>0</u>
<b>Special Revenue Funds:</b>		
Title I	0	33,288
Title VI	0	2,250
Total Special Revenue Funds	<u>0</u>	<u>35,538</u>
<b>Enterprise Fund:</b>		
Food Service	0	141,753
Total Enterprise Fund	<u>0</u>	<u>141,753</u>
<b>Internal Service Fund:</b>		
Self-Insurance	0	196,092
Total Internal Service Fund	<u>0</u>	<u>196,092</u>
Total All Funds	<u>\$373,383</u>	<u>\$373,383</u>
<u>Fund</u>	<u>Receivables Due From</u>	<u>Receivables Due To</u>
<b>General</b>	\$0	\$95,989
Total General Fund	<u>0</u>	<u>95,989</u>
<b>Special Revenue Funds:</b>		
Disadvantaged Pupil Impact Aid	0	6,166
Title IVB	0	2,537
Title I	0	7,731
Title IVR	0	758
Total Special Revenue Funds	<u>0</u>	<u>17,192</u>
<b>Enterprise Fund:</b>		
Food Service	0	4,089
Total Enterprise Fund	<u>0</u>	<u>4,089</u>
<b>Internal Service Fund:</b>		
Self-Insurance	117,270	0
Total Internal Service Fund	<u>117,270</u>	<u>0</u>
<i>Total Due From/To Other Funds</i>	<u>117,270</u>	<u>117,270</u>
Grand Total Interfund Activity	<u>\$490,653</u>	<u>\$490,653</u>

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

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

The governing board of OME-RESA is selected by the member districts. OME-RESA possesses its own budgeting, appropriating, contracting and designating management. In fiscal year 2002, the School District contributed \$36,837 to the Agency. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

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

*East Central Ohio Special Education Regional Resource Center* - The East Central Ohio Special Education Regional Resource Center (ECO SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The ECO SERRC is governed by a board composed of superintendents of member school district in East Central Ohio, parents of children with disabilities, representatives of chartered non-public schools, representatives of county boards of MR/DD and representatives of universities. The degree of control exercised by any participating school district is limited to its representation on the Board. There is no financial commitment made by the districts involved in ECO SERRC. ECO SERRC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for ECO SERRC. Financial information can be obtained by contacting Julie A. Lynch, Treasurer at the Tuscarawas-Carroll-Harrison Educational Service Center, 172 North Broadway, New Philadelphia, Ohio 44663.

**NOTE 19 - PUBLIC ENTITY POOLS**

**A. Insurance Purchasing Pool**

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

**B. Claims Servicing Pool**

*Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan* - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. All participating members retain their risk and the Plan acts as the claims servicing agent.

**NOTE 20 - RELATED ORGANIZATION**

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

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition any money on hand in a school district's budget reserve set-asides as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers Compensation monies remaining in the budget reserve set-aside. During fiscal year 2002, the Board transferred the remaining dollars received from the Bureau of Workers Compensation to a special cost center in the General fund to be used for purposes outlined in Senate Bill 345.

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

Barnesville Exempted Village School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside reserve balance as of June 30, 2001	(\$122,593)	\$0	\$42,127
Current year set-aside requirement	166,776	166,776	0
Qualifying Disbursements	<u>(209,660)</u>	<u>(191,431)</u>	<u>(42,127)</u>
Totals	<u>(\$165,477)</u>	<u>(\$24,655)</u>	<u>\$0</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(165,477)</u>	<u>0</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount to below zero. This extra amount may be used to reduce the set-aside requirement of future years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is not presented as being carried forward to future years. During fiscal year 2002, the Board of Education passed a resolution to expend the budget reserve amount pursuant to State Statute, and as a result, no budget reserve exists at June 30, 2002.

**NOTE 22 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

**B. Litigation**

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

**NOTE 23 – STATE SCHOOL FUNDING**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Noncash Receipts</b>	<b>Disbursements</b>	<b>Noncash Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$	\$13,200	\$	\$13,200
National School Breakfast Program	05PU-01/02	10.553	18,579		18,579	
National School Lunch Program	LLP4-01/02	10.555	<u>77,382</u>		<u>77,382</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>95,961</u>	<u>13,200</u>	<u>95,961</u>	<u>13,200</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	6BSF-00/01	84.027	156,555		117,688	
Eisenhower Professional Development Grant	MSS1-02	84.281	9,325		413	
Title VI of ESEA - Class Size Reduction	CRS1-02	84.340	35,144		45,977	
Grants to Local Educational Agencies (ESEA Title I)	C1S1-01/02	84.010	329,188		363,271	
Innovative Educational Program Strategies	C2S1-01/02	84.298	9,107		16,484	
Goals 2000 - State and Local Education Systematic Improvement Grants	G2SP-01	84.276	2,000		1,949	
Drug-Free Schools and Communities - State Grant	DRS1-02	84.186	4,169		8,439	
Technology Literacy Challenge Fund	TFV2-00	84.318	<u>62,058</u>		<u>62,058</u>	
Total U.S. Department of Education			<u>607,546</u>		<u>616,279</u>	
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u><u>\$703,507</u></u></b>	<b><u><u>\$13,200</u></u></b>	<b><u><u>\$712,240</u></u></b>	<b><u><u>\$13,200</u></u></b>

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the School District had no significant food commodities in inventory.





**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

We have audited the general purpose financial statements of Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2002, and have issued our report thereon dated February 24, 2003, wherein we emphasized that the self-insurance internal service fund is experiencing financial difficulties. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2002-11007-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated February 24, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated February 24, 2003.

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

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

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

**Betty Montgomery**  
Auditor of State

February 24, 2003



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Barnesville Exempted Village School District, Belmont County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

**Internal Control over Compliance**

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

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

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

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



**Betty Montgomery**  
Auditor of State

February 24, 2003

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2002**

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

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2002  
(Continued)**

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

**FINDING NUMBER 2002-11007-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established. As a result, a negative cash fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of June 30, 2002, the Title I Fund had a negative cash fund balance in the amount of \$4,115.

As of December 31, 2001, the following funds had negative cash fund balances:

Lunchroom Fund	\$ 87,582
Self-Insurance Fund	154,283
Title I Fund	62,114
Title VI Fund	1,189

We recommend the School District monitor fund balances to ensure that monies from one fund are not used to pay expenses incurred by another fund. To cover temporary cash flow shortages, the School District may advance money from other funds to prevent deficits. The School District can refer to Auditor of State Bulletin 97-003.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING  
OMB CIRCULAR A-133 §.315(b)  
FOR THE YEAR ENDED JUNE 30, 2002**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid</u> ; <b><i>Explain:</i></b>
2001-11007-001	Ohio Rev. Code Section 5705.10 – Negative cash fund balances.	No	Not Corrected; the noncompliance citation is repeated for the fiscal year ended June 30, 2002 (Finding Number 2002-11007-001).

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 §.315(c)  
JUNE 30, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-11007-001	The Treasurer will monitor fund balances to ensure adequate cash balances are on hand to cover expenses.	June 30, 2003	Timothy Pickana, Treasurer





**Auditor of State  
Betty Montgomery**

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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  
MARCH 20, 2003**