



Dave Yost • Auditor of State

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Barnesville Exempted Village School District, Belmont County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Schoolwide Pool Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2014

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Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

The discussion and analysis of the Barnesville Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2014 are as follows:

- Net Position of governmental activities increased \$600,163.
- General revenues accounted for \$10,266,595 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$3,616,949 or 26 percent of total revenues of \$13,883,544.
- Total assets of governmental activities increased \$143,220, due to an increase in intergovernmental receivables primarily due to the School District being awarded Straight A grant funding, which was offset by annual depreciation expense for capital assets.
- The School District had \$13,283,381 in expenses related to governmental activities; only \$3,616,949 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$10,266,595 were adequate to provide for these programs.
- Total Governmental Funds had total revenues and other financing sources in the amount of \$15,689,648 and \$14,689,546 in expenditures and other financing uses. The Total Governmental Funds' fund balance increased \$1,000,102.

Using this Annual Financial Report

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

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

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

Table 1
Net Position

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Assets			
Current and Other Assets	\$11,053,018	\$10,304,045	\$748,973
Capital Assets	14,649,871	15,255,624	(605,753)
Total Assets	<u>25,702,889</u>	<u>25,559,669</u>	<u>143,220</u>
Liabilities			
Long-Term Liabilities	3,459,183	3,654,906	(195,723)
Other Liabilities	1,050,511	1,075,882	(25,371)
Total Liabilities	<u>4,509,694</u>	<u>4,730,788</u>	<u>(221,094)</u>
Deferred Inflows of Resources			
Property Taxes Not Levied to Finance Current Year Operations	3,922,136	4,157,985	(235,849)
Net Position			
Net Investment in Capital Assets	12,104,528	12,441,026	(336,498)
Restricted	1,545,703	1,013,487	532,216
Unrestricted	3,620,828	3,216,383	404,445
Total Net Position	<u>\$17,271,059</u>	<u>\$16,670,896</u>	<u>\$600,163</u>

Total assets increased \$143,220. Current assets increased by \$748,973 primarily due to increases in Equity in Pooled Cash and Cash Equivalents and Intergovernmental Receivables. The total increases were offset by annual depreciation expense for Capital Assets.

Total liabilities decreased \$221,094, due primarily to a decrease in Intergovernmental Payables as well as Long Term Debt payments.

Net Investment in Capital Assets, decreased \$336,498 due primarily to depreciation of Capital Assets.

Barnesville Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows the changes in net position for the fiscal year 2014 compared to fiscal year 2013.

Table 2
Changes in Net Position

	Governmental Activities		Change
	2014	2013	
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,112,571	\$1,285,212	(\$172,641)
Operating Grants and Contributions	2,504,378	1,474,680	1,029,698
Total Program Revenues	3,616,949	2,759,892	857,057
General Revenues			
Property Taxes	4,253,951	4,092,757	161,194
Grants and Entitlements not Restricted to Specific Programs	5,921,549	6,316,598	(395,049)
Others	91,095	123,441	(32,346)
Total General Revenues	10,266,595	10,532,796	(266,201)
Total Revenues	13,883,544	13,292,688	590,856
Program Expenses			
Instruction:			
Regular	6,231,270	5,319,293	911,977
Special	1,382,090	1,385,923	(3,833)
Vocational	114,314	167,193	(52,879)
Student Intervention Services	89,134	257,685	(168,551)
Support Services:			
Pupils	882,843	895,729	(12,886)
Instructional Staff	500,883	464,477	36,406
Board of Education	67,000	95,679	(28,679)
Administration	651,536	581,096	70,440
Fiscal	624,109	450,497	173,612
Business	29,628	23,476	6,152
Operation and Maintenance of Plant	1,306,559	1,263,337	43,222
Pupil Transportation	618,449	574,349	44,100
Central	56,962	80,024	(23,062)
Operation of Non-Instructional Service	1,626	9,862	(8,236)
Food Service Operations	412,730	404,682	8,048
Extracurricular Activities	188,590	261,732	(73,142)
Interest and Fiscal Charges	125,658	184,602	(58,944)
Total Expenses	13,283,381	12,419,636	863,745
Increase in Net Position	600,163	873,052	(272,889)
Net Position Beginning of Year	16,670,896	15,797,844	873,052
Net Position End of Year	\$17,271,059	\$16,670,896	\$600,163

In 2014, 31 percent of the School District's revenues were from property taxes and 43 percent were from unrestricted grants and entitlements. The School District experienced an increase in operating grants and contributions from fiscal year 2013 due primarily to an increase in state grant funding. The decrease to

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

charges for services was due to the receipt of a signing bonus for the Antero oil and gas lease in fiscal year 2013.

Instructional programs comprise approximately 59 percent of total governmental program expenses. Of the instructional expenses, approximately 80 percent was for regular instruction, 18 percent for special instruction, 1 percent for vocational instruction, and 1 percent for Student Intervention. Instructional program expenses increased \$686,714. The total expenses increased \$863,745 due primarily to an increase in regular instruction expenses.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2014 compared to fiscal year 2013. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Instruction:				
Regular	\$6,231,270	\$5,319,293	\$4,524,425	\$4,107,752
Special	1,382,090	1,385,923	576,189	1,137,011
Vocational	114,314	167,193	69,462	107,478
Student Intervention Services	89,134	257,685	33,269	193,118
Support Services:				
Pupils	882,843	895,729	841,696	847,649
Instructional Staff	500,883	464,477	215,072	396,130
Board of Education	67,000	95,679	67,000	95,679
Administration	651,536	581,096	625,099	554,096
Fiscal	624,109	450,497	582,097	410,697
Business	29,628	23,476	29,628	23,476
Operation and Maintenance of Plant	1,306,559	1,263,337	1,267,230	861,345
Pupil Transportation	618,449	574,349	599,240	574,349
Central	56,962	80,024	8,154	21,780
Operation of Non-Instructional Service	1,626	9,862	933	(104)
Food Service Operations	412,730	404,682	58,343	58,384
Extracurricular Activities	188,590	261,732	42,937	86,302
Interest and Fiscal Charges	125,658	184,602	125,658	184,602
<i>Total Expenses</i>	<u>\$13,283,381</u>	<u>\$12,419,636</u>	<u>\$9,666,432</u>	<u>\$9,659,744</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent as 73 percent of expenses are supported through taxes and other general revenues.

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

The School District Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has three major funds, the General Fund, Schoolwide Pool Fund Special Revenue Fund, and the Debt Service Fund. The General Fund had \$11,133,725 in revenues and \$8,863,521 in expenditures. Overall, including other financing sources and uses, the General Fund's balance increased \$480,560. The Schoolwide Pool Fund Special Revenue Fund had \$2,399,681 in revenues and transfers in, and had \$2,399,681 in expenditures, leaving no fund balance. The Debt Service Fund had \$406,814 in revenues and \$277,673 in expenditures. The Debt Service Fund's balance increased \$129,141.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were decreases for instructional expenditures between the final budget and actual expenditures that reflected actual School District operational costs.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$14,649,871 invested in land, buildings, furniture, equipment and vehicles. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2014, the School District had \$2,623,818 in outstanding bonds including premiums, and accretion. In addition, the School District had \$101,984 in outstanding capital leases. See Note 16 for more detailed information on the School District's debt.

Economic Factors

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

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

Barnesville Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

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

Contacting the School District's Financial Management

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

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Barnesville Exempted Village School District
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,892,445
Intergovernmental Receivable	600,430
Prepaid Items	6,704
Materials and Supplies Inventory	30,303
Property Taxes Receivable	4,523,136
Non-Depreciable Capital Assets	293,412
Depreciable Capital Assets, Net	14,356,459
<i>Total Assets</i>	25,702,889
Liabilities	
Accounts Payable	39,938
Accrued Wages and Benefits Payable	666,087
Intergovernmental Payable	252,044
Accrued Interest Payable	7,180
Vacation Benefits Payable	85,262
Long-Term Liabilities:	
Due Within One Year	325,698
Due In More Than One Year	3,133,485
<i>Total Liabilities</i>	4,509,694
Deferred Inflows of Resources	
Property Taxes not Levied to Finance Current Year Operations	3,922,136
Net Position	
Net Investment in Capital Assets	12,104,528
Restricted for:	
Debt Service	905,775
Building Maintenance	108,255
Food Service Operation	77,053
Federal Programs	15,339
State Programs	340,357
Local Programs	98,924
Unrestricted	3,620,828
<i>Total Net Position</i>	\$17,271,059

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$6,231,270	\$866,778	\$840,067	(\$4,524,425)
Special	1,382,090	0	805,901	(576,189)
Vocational	114,314	0	44,852	(69,462)
Student Intervention Services	89,134	0	55,865	(33,269)
Support Services:				
Pupils	882,843	0	41,147	(841,696)
Instructional Staff	500,883	0	285,811	(215,072)
Board of Education	67,000	0	0	(67,000)
Administration	651,536	0	26,437	(625,099)
Fiscal	624,109	0	42,012	(582,097)
Business	29,628	0	0	(29,628)
Operation and Maintenance of Plant	1,306,559	0	39,329	(1,267,230)
Pupil Transportation	618,449	0	19,209	(599,240)
Central	56,962	0	48,808	(8,154)
Operation of Non-Instructional Services	1,626	0	693	(933)
Food Service Operations	412,730	100,140	254,247	(58,343)
Extracurricular Activities	188,590	145,653	0	(42,937)
Interest and Fiscal Charges	125,658	0	0	(125,658)
Total Governmental Activities	\$13,283,381	\$1,112,571	\$2,504,378	(9,666,432)
General Revenues				
Property Taxes Levied for General Purposes				3,763,082
Property Taxes Levied for Building Maintenance				117,143
Property Taxes Levied for Debt Service				373,726
Grants and Entitlements not Restricted to Specific Programs				5,921,549
Gifts and Donations				27,935
Investment Earnings				14,641
Miscellaneous				48,519
Total General Revenues				10,266,595
Change in Net Position				600,163
<i>Net Position Beginning of Year</i>				<u>16,670,896</u>
<i>Net Position End of Year</i>				<u><u>\$17,271,059</u></u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2014

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,406,604	\$0	\$844,955	\$640,886	\$5,892,445
Receivables:					
Property Taxes	4,020,136	0	418,000	85,000	4,523,136
Intergovernmental	65,447	0	0	534,983	600,430
Interfund	103,449	262,378	0	0	365,827
Prepaid Items	6,704	0	0	0	6,704
Materials and Supplies Inventory	19,669	0	0	10,634	30,303
<i>Total Assets</i>	<u>\$8,622,009</u>	<u>\$262,378</u>	<u>\$1,262,955</u>	<u>\$1,271,503</u>	<u>\$11,418,845</u>
Liabilities					
Accounts Payable	\$28,326	\$0	\$0	\$11,612	\$39,938
Accrued Wages and Benefits	396,417	216,057	0	53,613	666,087
Interfund Payable	238,239	0	0	127,588	365,827
Intergovernmental Payable	186,481	46,321	0	19,242	252,044
<i>Total Liabilities</i>	<u>849,463</u>	<u>262,378</u>	<u>0</u>	<u>212,055</u>	<u>1,323,896</u>
Deferred Inflows of Resources					
Property Taxes not Levied to Finance					
Current Year Operations	3,555,136	0	350,000	17,000	3,922,136
Unavailable Revenue	180,447	0	28,000	5,000	213,447
<i>Total Deferred Inflows of Resources</i>	<u>3,735,583</u>	<u>0</u>	<u>378,000</u>	<u>22,000</u>	<u>4,135,583</u>
Fund Balances					
Nonspendable:					
Materials and Supplies Inventory	19,669	0	0	10,634	30,303
Prepaid Items	6,704	0	0	0	6,704
Restricted for:					
Debt Service	0	0	884,955	0	884,955
Building Maintenance	0	0	0	103,255	103,255
Food Service Operation	0	0	0	66,419	66,419
Federal Programs	0	0	0	15,339	15,339
State Programs	0	0	0	340,357	340,357
Local Programs	0	0	0	98,924	98,924
Committed to:					
Capital Projects	0	0	0	402,520	402,520
Assigned to:					
Encumbrances	251,656	0	0	0	251,656
Unassigned	3,758,934	0	0	0	3,758,934
<i>Total Fund Balances</i>	<u>4,036,963</u>	<u>0</u>	<u>884,955</u>	<u>1,037,448</u>	<u>5,959,366</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$8,622,009</u>	<u>\$262,378</u>	<u>\$1,262,955</u>	<u>\$1,271,503</u>	<u>\$11,418,845</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2014*

Total Governmental Fund Balances	\$5,959,366
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,649,871
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
Tuition and Fees	65,447
Property Taxes	148,000
Total	213,447
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(85,262)
Long-term liabilities and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	2,250,000
Capital Appreciation Bonds	94,999
Capital Appreciation Bond Accretion	180,459
Bond Premium	98,360
Accrued Interest Payable	7,180
Capital Leases	101,984
Compensated Absences	733,381
Total	(3,466,363)
<i>Net Position of Governmental Activities</i>	\$17,271,059

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$3,793,625	\$0	\$362,952	\$115,033	\$4,271,610
Intergovernmental	6,404,400	585,898	42,012	1,393,617	8,425,927
Interest	11,391	0	1,850	1,400	14,641
Tuition and Fees	835,772	0	0	0	835,772
Extracurricular Activities	47,079	0	0	98,574	145,653
Contributions and Donations	13,200	0	0	14,735	27,935
Charges for Services	5,668	0	0	100,140	105,808
Miscellaneous	22,590	0	0	25,929	48,519
<i>Total Revenues</i>	<u>11,133,725</u>	<u>585,898</u>	<u>406,814</u>	<u>1,749,428</u>	<u>13,875,865</u>
Expenditures					
Current:					
Instruction:					
Regular	3,722,492	1,742,435	0	293,755	5,758,682
Special	721,300	346,796	0	247,556	1,315,652
Vocational	100,914	0	0	0	100,914
Student Intervention	13,231	28,442	0	47,461	89,134
Support Services:					
Pupil	781,742	92,646	0	20,539	894,927
Instructional Staff	344,313	82,019	0	40,421	466,753
Board of Education	67,000	0	0	0	67,000
Administration	479,115	107,343	0	216	586,674
Fiscal	585,774	0	10,134	1,555	597,463
Business	28,928	0	0	0	28,928
Operation and Maintenance of Plant	1,159,768	0	0	102,248	1,262,016
Pupil Transportation	604,914	0	0	15,060	619,974
Central	14,096	0	0	43,852	57,948
Operation of Non-Instructional Services	0	0	0	623	623
Food Service Operations	0	0	0	362,665	362,665
Extracurricular Activities	114,101	0	0	108,062	222,163
Capital Outlay	34,427	0	0	50,875	85,302
Debt Service:					
Principal Retirement	72,796	0	185,000	0	257,796
Interest and Fiscal Charges	18,610	0	82,539	0	101,149
<i>Total Expenditures</i>	<u>8,863,521</u>	<u>2,399,681</u>	<u>277,673</u>	<u>1,334,888</u>	<u>12,875,763</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,270,204</u>	<u>(1,813,783)</u>	<u>129,141</u>	<u>414,540</u>	<u>1,000,102</u>
Other Financing Sources (Uses)					
Transfers In	0	1,813,783	0	0	1,813,783
Transfers Out	(1,789,644)	0	0	(24,139)	(1,813,783)
Total Other Financing Sources (Uses)	<u>(1,789,644)</u>	<u>1,813,783</u>	<u>0</u>	<u>(24,139)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	480,560	0	129,141	390,401	1,000,102
<i>Fund Balances Beginning of Year</i>	<u>3,556,403</u>	<u>0</u>	<u>755,814</u>	<u>647,047</u>	<u>4,959,264</u>
<i>Fund Balances End of Year</i>	<u>\$4,036,963</u>	<u>\$0</u>	<u>\$884,955</u>	<u>\$1,037,448</u>	<u>\$5,959,366</u>

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds \$1,000,102

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

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

Capital Asset Additions	306,374	
Current Year Depreciation	(899,562)	
Total	(593,188)	(593,188)

Capital Assets removed from the capital asset account on the statement of net position results in a gain or loss on disposal of capital assets on the statement of activities (12,565)

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

Property Taxes	(17,659)	
Tuition and Fees	25,338	
Total	7,679	7,679

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

General Obligation Bonds	230,000	
Capital Leases	27,796	
Total	257,796	257,796

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

Accretion of Interest	(36,973)	
Accrued Interest	1,005	
Total	(35,968)	(35,968)

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

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

Vacation Benefits Payable	1,407	
Compensated Absences Payable	(36,559)	
Total	(35,152)	(35,152)

Changes in Net Position of Governmental Activities \$600,163

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$3,695,016	\$3,725,000	\$3,643,419	(\$81,581)
Intergovernmental	6,464,268	6,442,961	6,502,582	59,621
Interest	0	28,000	10,238	(17,762)
Tuition and Fees	783,791	828,109	835,772	7,663
Extracurricular Activities	111,970	126,646	47,079	(79,567)
Contributions and Donations	0	13,078	13,200	122
Charges for Services	0	5,615	5,668	53
Miscellaneous	111,970	27,705	27,962	257
<i>Total Revenues</i>	<u>11,167,015</u>	<u>11,197,114</u>	<u>11,085,920</u>	<u>(111,194)</u>
Expenditures				
Current:				
Instruction:				
Regular	7,295,289	10,595,158	3,731,773	6,863,385
Special	500,256	67,208	776,435	(709,227)
Vocational	54,773	2,490	106,188	(103,698)
Student Intervention Services	0	0	13,231	(13,231)
Support Services:				
Pupil	538,744	68,251	799,044	(730,793)
Instructional Staff	218,306	9,173	366,766	(357,593)
Board of Education	64,729	12,446	93,206	(80,760)
Administration	278,666	17,250	483,642	(466,392)
Fiscal	351,456	37,757	627,612	(589,855)
Business	28,393	3,251	40,909	(37,658)
Operation and Maintenance of Plant	833,048	101,084	1,267,190	(1,166,106)
Pupil Transportation	478,619	112,637	615,639	(503,002)
Central	26,202	1,560	17,820	(16,260)
Extracurricular Activities	26,629	487	120,875	(120,388)
Capital Outlay	26,142	0	80,780	(80,780)
Debt Service:				
Principal Retirement	0	0	45,000	(45,000)
Interest and Fiscal Charges	0	0	10,406	(10,406)
<i>Total Expenditures</i>	<u>10,721,252</u>	<u>11,028,752</u>	<u>9,196,516</u>	<u>1,832,236</u>
Excess of Revenues Over Expenditures	445,763	168,362	1,889,404	1,721,042
Other Financing Uses				
Transfers Out	0	0	(1,788,162)	(1,788,162)
<i>Net Change in Fund Balance</i>	445,763	168,362	101,242	(67,120)
<i>Fund Balance Beginning of Year</i>	3,808,303	3,808,303	3,808,303	0
Prior Year Encumbrances Appropriated	324,748	324,748	324,748	0
<i>Fund Balance End of Year</i>	<u>\$4,578,814</u>	<u>\$4,301,413</u>	<u>\$4,234,293</u>	<u>(\$67,120)</u>

See accompanying notes to the basic financial statements:

Barnesville Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Schoolwide Pool Fund
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	2,003,000	1,679,000	1,723,974	(44,974)
Special	154,000	322,000	345,315	(23,315)
Student Intervention Services	0	0	28,442	(28,442)
Support Services:				
Pupil	44,000	92,000	90,094	1,906
Instructional Staff	44,000	92,000	80,735	11,265
Administration	55,000	115,000	105,500	9,500
<i>Total Expenditures</i>	2,300,000	2,300,000	2,374,060	(74,060)
Excess of Revenues Under Expenditures	(2,300,000)	(2,300,000)	(2,374,060)	(74,060)
Other Financing Sources				
Transfers In	0	2,300,000	2,374,060	74,060
<i>Net Change in Fund Balance</i>	(2,300,000)	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	(\$2,300,000)	\$0	\$0	\$0

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust Fund	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$279,394	\$63,074
<i>Total Assets</i>	279,394	\$63,074
Liabilities		
Due to Students	0	\$63,074
<i>Total Liabilities</i>	0	\$63,074
Net Assets		
Held in Trust for Scholarships	279,394	
<i>Total Net Position</i>	\$279,394	

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust Fund
Additions	
Interest	\$630
Contributions and Donations	8,460
Total Additions	9,090
Deductions	
Payments in accordance with Trust agreements	2,000
<i>Change in Net Position</i>	7,090
<i>Net Position Beginning of Year</i>	272,304
<i>Net Position End of Year</i>	\$279,394

See accompanying notes to the basic financial statements

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Barnesville Exempted Village School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state statute and federal guidelines. The Board controls the School District's 4 instructional/support facilities staffed by 48 non-certified employees, 85 certificated personnel and 12 administrative employees to provide services to 1,252 students and other community members.

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

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

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations for which the School District approves the budget, the issuance of debt or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The School District has no discretely reported component units.

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

Private School – Within the School District boundaries, Olney Friends School is operated as a private school. Current State legislation provides funding to this school. The monies are received and disbursed on behalf of the school by the Treasurer of the School District, as directed by the school. The State monies are reflected in a Special Revenue fund for financial reporting purposes.

The School District is involved with six organizations, four of which are defined as jointly governed organizations, one of which is defined as an insurance purchasing pool, and one which is defined as a related organization. These organizations are the Ohio Mid-Eastern Regional Educational Service

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Agency Information Technology Center Regional Council of Governments (Council), the Coalition of Rural and Appalachian Schools (CORAS), the Metropolitan Educational Council (MEC), the Belmont-Harrison Vocational School District, Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), and the Barnesville Hutton Memorial Library. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

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

C. Measurement Focus

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

D. Basis of Accounting

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

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

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2014, the School District had no investments.

Following Ohio statutes, the Board of Education may, by resolution, specify the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$11,391 which includes \$3,303 assigned from other School District funds.

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

F. Restricted Assets

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

I. Capital Assets

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

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

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

J. Interfund Balances

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

K. Compensated Absences

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

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

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

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

N. Interfund Activity

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

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

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

O. Fund Balance

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

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

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

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

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

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

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

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

P. Net Position

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Data

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

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

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Legal Compliance

Expenditures exceeded appropriations in the Schoolwide Pool and Title I Funds contrary to section 5705.41(B), Revised Code, in the amounts of \$74,060 and \$77,821, respectively.

The School District will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transactions (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).

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

	Net Change in Fund Balance	
	General	Schoolwide Pool
GAAP Basis	\$480,560	\$0
Revenue Accruals	(52,027)	0
Transfers In	0	(25,621)
Transfers Out	1,482	0
Expenditure Accruals	(53,013)	25,621
Unrecorded Cash	4,222	0
Encumbrances	(279,982)	0
Budget Basis	<u>\$101,242</u>	<u>\$0</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$6,088,247 of the School District's bank balance of \$6,352,934 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Property tax revenue received during calendar year 2014 for real and public utility property taxes represents collections of calendar year 2013 taxes. 2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by the State Law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance fiscal year 2014. 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 later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true collected value; public utility real property is assessed at 25 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

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, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes not levied to finance current year operations.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

The amount available as an advance at June 30, 2014 was \$350,000 in the General Fund, \$40,000 in the Debt Service Fund, and \$63,000 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2013 was \$199,794 in the General Fund, \$26,035 in the Debt Service Fund, and \$4,004 in the Classroom Facilities Maintenance Special Revenue Fund.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$117,811,680	77.01%	\$119,544,710	77.81%
Public Utility Personal	35,176,450	22.99%	34,084,070	22.19%
	<u>\$152,988,130</u>	<u>100.00%</u>	<u>\$153,628,780</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$42.00		\$42.00

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014, consisted of property taxes, tuition and fees, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$148,000 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Pre-School Grant	\$34,212
Title I	24,139
IDEA B	65,760
Title II-A Improving Teacher Quality	4,221
21st Century	74,791
Straight A Grant	331,860
Excess Cost Reimbursements	65,447
Total	<u>\$600,430</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 8 – INTERNAL BALANCES AND TRANSFERS

A. Interfund Balances

Interfund balances at June 30, 2014, consist of the following interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Totals</u>
	<u>General Fund</u>	<u>Schoolwide Pool Fund</u>	
General Fund	\$0	\$238,239	\$238,239
Other Governmental Funds	<u>103,449</u>	<u>24,139</u>	<u>127,588</u>
Totals	<u>\$103,449</u>	<u>\$262,378</u>	<u>\$365,827</u>

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

The loan made to the Other Governmental Funds was used to cover actual cash deficits. The cash deficits were covered by cash and cash equivalents from the General Fund.

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2014 consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>		<u>Total</u>
	<u>General</u>	<u>Other Governmental</u>	
Schoolwide Pool Fund	<u>\$1,789,644</u>	<u>\$24,139</u>	<u>\$1,813,783</u>

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance 6/30/13	Additions	Deletions	Balance 6/30/14
Nondepreciable Capital Assets:				
Land	\$293,412	\$0	\$0	\$293,412
Total Nondepreciable Capital Assets	293,412	0	0	293,412
Depreciable Capital Assets:				
Land Improvements	1,446,288	52,150	0	1,498,438
Buildings and Improvements	25,448,865	72,550	0	25,521,415
Furniture and Equipment	1,284,663	96,751	(19,050)	1,362,364
Vehicles	885,195	84,923	(86,334)	883,784
Total Depreciable Capital Assets	29,065,011	306,374	(105,384)	29,266,001
Accumulated Depreciation:				
Land Improvements	(664,963)	(67,440)	0	(732,403)
Buildings and Improvements	(11,865,438)	(715,547)	0	(12,580,985)
Furniture and Equipment	(860,638)	(79,828)	6,485	(933,981)
Vehicles	(711,760)	(36,747)	86,334	(662,173)
Total Accumulated Depreciation	(14,102,799)	(899,562)	92,819	(14,909,542)
Total Depreciable Capital Assets, Net	14,962,212	(593,188)	(12,565)	14,356,459
Governmental Capital Assets, Net	\$15,255,624	(\$593,188)	(\$12,565)	\$14,649,871

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$451,441
Special	56,491
Vocational	20,072
Support Services:	
Pupils	37,101
Instructional Staff	27,400
Administration	59,764
Fiscal	18,830
Business	700
Operation and Maintenance of Plant	76,689
Pupil Transportation	84,161
Central	667
Extracurricular Activities	16,181
Food Service Operations	50,065
Total Depreciation Expense	<u>\$899,562</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 10 - COMMITMENTS

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$279,982
Other Non-Major Governmental Funds	<u>37,525</u>
Total	<u><u>\$317,507</u></u>

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 2014 the School District contracted with The Netherlands Insurance Company for property and inland marine coverage, general liability, and fleet insurance coverage. The Netherlands Insurance Company insurance programs are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$50,450,283
Automotive Liability (\$500 deductible)	1,000,000
Uninsured Motorist (\$500 deductible)	1,000,000
Medical Payments Limit	5,000
<i>General Liability:</i>	
Each Occurrence	1,000,000
Aggregated Limit	2,000,000
Rented Property Limit	300,000
Medical Payments Limit	15,000
<i>Employee Benefits Liability:</i>	
Each Occurrence (\$1,000 deductible)	1,000,000
Aggregated Limit	3,000,000
<i>Employer's Liability:</i>	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Limit	1,000,000
<i>Legal Liability - Errors and Omission:</i>	
Each Wrongful Act	1,000,000
Aggregate Limit	1,000,000
<i>Sexual Misconduct Liability:</i>	
Each Loss	1,000,000
Aggregate Limit	1,000,000

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

For fiscal year 2014, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.1 percent. The remaining 0.9 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$196,951, \$185,992, and \$185,992, respectively; 100 percent has been contributed for fiscal years 2014, 2013, and 2012.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013 (the latest date for which information was available), plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2012, the portion used to fund pension obligations was also 13 percent.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$631,977 and \$4,416 for the fiscal year ended June 30, 2014 (the latest date for which information was available), \$613,951 and \$373 for the fiscal year ended June 30, 2013, and \$613,399 and \$4,415 for the fiscal year ended June 30, 2012. For fiscal year 2014, 81.31 percent has been contributed for the DB plan and 81.31 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 (the latest date for which information is available) were \$186 made by the School District and \$133 made by the plan members. In addition, member contributions of \$3,154 were made for fiscal year 2013 (the latest date for which information is available) for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2014, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 13- POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250.

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

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$2,113, \$2,992, and \$8,055, respectively; 100 percent has been contributed for fiscal years 2014, 2013, and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012, were \$11,470, \$10,543, and \$10,984 respectively; 100 percent has been contributed for fiscal years 2014, 2013, and 2012.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$48,726, \$45,485, and \$46,553 respectively. For fiscal year 2014, 81.31 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators, who work less than 260 days, do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for administrators and classified employees and 285 days for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 70 for administrators and classified employees and 71.25 days for certified employees.

B. Other Insurance Benefits

The School District provides life, accidental death and dismemberment and medical/surgical benefits to most employees through the Health Plan of the Upper Ohio Valley HMO. The Board pays 90 percent of the premiums for all certified staff and for the full time classified staff. For the part time classified staff, the board pays 85 percent of the premiums. The total monthly cost of premiums for the coverage through the Health Plan of the Upper Ohio Valley is \$528.18 single and \$1,320.44 family for medical/prescription, and \$4.09 single and \$10.17 family for vision. The School District provides dental coverage from Coresource and life insurance and accidental death and dismemberment insurance through Assurant. The total monthly cost of premiums for dental coverage is \$35.35 single and \$81.49 family. Life insurance coverage is in the amount of \$30,000 per employee at a total monthly premium of \$3.00.

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

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

Assets acquired by governmental activities capitalized leases are reported net of accumulated depreciation in the amount of \$101,984. Principal payments in fiscal year 2014 totaled \$27,796, in the governmental funds.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$29,805	\$6,194
2016	31,960	4,040
2017	34,270	1,730
2018	<u>5,949</u>	<u>52</u>
Total	<u>\$101,984</u>	<u>\$12,016</u>

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 16 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts Due Within One Year
General Obligation Bonds:					
2000 School Facilities Bonds \$3,267,000					
Serial Bonds @ 4.3%-6.7%	\$485,000	\$0	\$150,000	\$335,000	\$160,000
2007 School Improvement Refunding Bonds \$1,684,999					
Serial/Term Bonds - \$1,590,000 @ 3.85%-4.0%	1,410,000	0	35,000	1,375,000	35,000
Capital Appreciation Bonds - \$94,999 @ 4.2%-4.25%	94,999	0	0	94,999	0
Premium - \$183,348	109,819	0	11,459	98,360	0
CAB Accretion - \$390,001 @ 14.955%	143,486	36,973	0	180,459	0
2009 School Energy					
Conservation Improvement Bonds \$714,719					
Serial Bonds @ 1.85%	585,000	0	45,000	540,000	45,000
Capital Leases	129,780	0	27,796	101,984	29,805
Compensated Absences	696,822	94,225	57,666	733,381	55,893
Total General Long-Term Obligations	\$3,654,906	\$131,198	\$326,921	\$3,459,183	\$325,698

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

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

Principal and interest requirements to retire the remaining outstanding general obligation bonds for the 2000 School Facilities Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$160,000	\$22,365	\$182,365
2016	175,000	11,725	186,725
Total	\$335,000	\$34,090	\$369,090

Barnesville Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

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

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

The capital appreciation bonds for this issue mature December 1, 2017 and 2018. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of outstanding capital appreciation bonds is \$485,000. The 2014 accretion was recorded at \$36,973, leaving a total bond liability of \$275,458.

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

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

<u>December 1</u>	<u>Principal Amount to be Redeemed</u>
2014	35,000
2015	35,000
	<u>\$70,000</u>

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

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

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

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

Principal and interest requirements to retire general obligation bonds for the 2007 School Improvement Refunding Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2015	\$35,000	\$54,550	\$0	\$0	\$35,000	\$54,550
2016	35,000	53,203	0	0	35,000	53,203
2017	230,000	51,855	0	0	230,000	51,855
2018	0	43,000	50,431	189,569	50,431	232,569
2019	0	43,000	44,568	200,432	44,568	243,432
2020-2023	1,075,000	110,200	0	0	1,075,000	110,200
Totals	\$1,375,000	\$355,808	\$94,999	\$390,001	\$1,469,999	\$745,809

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

Principal and interest requirements to retire the remaining outstanding qualified school construction bonds for the 2009 School Energy Conservation Improvement Bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$45,000	\$9,574	\$54,574
2016	45,000	8,740	53,740
2017	45,000	7,909	52,909
2018	45,000	7,076	52,076
2019	50,000	6,198	56,198
2019-2023	255,000	17,067	272,067
2024-2025	55,000	508	55,508
Total	\$540,000	\$57,072	\$597,072

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

The School District's overall legal debt margin was \$12,366,546 with an unvoted debt margin of \$153,629 at June 30, 2014.

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2014, the total amount paid to OME-RESA from the School District was \$45,113 for technology services and financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Council provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2014.

Metropolitan Educational Council - The Metropolitan Educational Council (MEC) is a consortium of school districts and related agencies in Ohio. The organization is composed of over 187 members. The governing board is comprised of either the superintendent or his designated representative from each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2014 was \$450. Financial information may be obtained from the Metropolitan Educational Council, at 6100 Channingway Blvd., Suite 604, Columbus, Ohio 43232.

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 18 - PUBLIC ENTITY POOLS

A. Insurance Purchasing Pools

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. The School District's enrollment fee of \$550 for policy year 2014 was paid to CompManagement, Inc.

NOTE 19 - RELATED ORGANIZATION

Barnesville Hutton Memorial Library - The Barnesville Hutton Memorial Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Barnesville Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Barnesville Hutton Memorial Library, Amy Jackson, Fiscal Officer, at 308 East Main Street, Barnesville, Ohio 43713.

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2013	\$0
Current Year Set-aside Requirement	198,905
Offsetting Revenue	(95,289)
Qualifying Expenditures	(209,259)
Total	<u>(\$105,643)</u>
Balance Carried Forward to Fiscal Year 2014	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2014	<u>\$0</u>

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

Barnesville Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

NOTE 21 - 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, 2014.

B. Litigation

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

C. Lease

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

NOTE 22 - SUBSEQUENT EVENTS

A. Grants

For fiscal year 2015, the School District is part of a twenty-seven member consortium, led by Noble Local School District, that has been awarded Straight A grant funding from the Ohio Department of Education. The project aims to save money for the participating school districts by creating a shared services transportation consortium. The project has been awarded \$1,763,900, and has total projected cost savings of \$3,988,138.

B. Roof Project

On June 19, 2014, the Board of Education awarded a contract for roof repair at the high school and middle school gyms to Kalkreuth Roofing and Sheet Metal, Inc. in the amount of \$99,650. The project is set to begin in fiscal year 2015.

C. Security Upgrade Project

On June 19, 2014, the Board of Education awarded a contract for District-wide security upgrades to Progressive Communication in the amount of \$158,700. The project is set to begin in fiscal year 2015.

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR		Federal		
<i>Pass Through Grantor</i>	Grant	CFDA		
Program / Cluster Title	Year	Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2013/2014	10.555	\$23,319	\$23,319
Cash Assistance:				
School Breakfast Program	2013/2014	10.553	83,277	83,277
National School Lunch Program	2013/2014	10.555	156,455	156,455
Cash Assistance Subtotal			<u>239,732</u>	<u>239,732</u>
Total Child Nutrition Cluster			<u>263,051</u>	<u>263,051</u>
Total U.S. Department of Agriculture			263,051	263,051
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2013	84.010	91,003	91,003
	2014		408,568	408,568
Total Title I Grants to Local Educational Agencies			<u>499,571</u>	<u>499,571</u>
Special Education Cluster (IDEA):				
Special Education_Grants to States (IDEA, Part B)	2013	84.027	31,225	18,119
	2014		209,272	229,045
Total Special Education_Grants to States			<u>240,497</u>	<u>247,164</u>
<i>Passed through East Central Ohio Educational Service Center:</i>				
Special Education_Preschool Grants (IDEA Preschool)	2014	84.173	9,867	9,867
Total Special Education Cluster (IDEA)			250,364	257,031
Twenty-First Century Community Learning Centers	2014	84.287	125,209	200,000
Improving Teacher Quality State Grants	2013	84.367	14,885	14,885
	2014		71,442	71,442
Total Improving Teacher Quality State Grants			<u>86,327</u>	<u>86,327</u>
ARRA - Race to the Top, Recovery Act	2014	84.395	1,050	1,050
Total U.S. Department of Education			<u>962,521</u>	<u>1,043,979</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,225,572</u>	<u>\$1,307,030</u>

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

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Barnesville Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 24, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2014



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Barnesville Exempted Village School District, Belmont County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2014

**BARNESVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under Section .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster – CFDA #10.553 / #10.555 Special Education Cluster (IDEA) – CFDA #84.027 / #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

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
NOVEMBER 20, 2014**