



**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Bradford Exempted Village School District
Miami County
712 N. Miami Street
Bradford, Ohio 45308

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Bradford Exempted Village School District, Miami County, (the District), as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Bradford Exempted Village School District, Miami County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Jim Petro
Auditor of State

January 11, 2001

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNTS GROUPS
JUNE 30, 2000**

| | Governmental Fund Types | | | |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Assets and Other Debits | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$578,280 | \$76,098 | \$57,599 | \$5,088,740 |
| Cash and Cash Equivalents with Fiscal Agents | 0 | 5,740 | 0 | 0 |
| Receivables: | | | | |
| Property and Other Taxes | 1,231,549 | 0 | 124,190 | 16,724 |
| Income Taxes | 256,653 | 0 | 0 | 0 |
| Accounts | 106 | 1,146 | 0 | 0 |
| Intergovernmental | 97,746 | 1,913 | 0 | 40,657 |
| Accrued Interest | 2,412 | 0 | 0 | 0 |
| Interfund | 10,500 | 0 | 0 | 0 |
| Prepaid Items | 9,314 | 0 | 0 | 3,380 |
| Inventory of Supplies and Materials | 0 | 0 | 0 | 0 |
| Inventory Held for Resale | 0 | 0 | 0 | 0 |
| Restricted Asset: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 37,862 | 0 | 0 | 0 |
| Fixed Assets (Net, where applicable, of Accumulated Depreciation) | 0 | 0 | 0 | 0 |
| Other Debits: | | | | |
| Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations | 0 | 0 | 0 | 0 |
| Amount to be Provided for Retirement of General Long-Term Obligations | 0 | 0 | 0 | 0 |
| Total Assets and Other Debits | \$2,224,422 | \$84,897 | \$181,789 | \$5,149,501 |
| Liabilities, Fund Equity and Other Credits | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$19,947 | \$480 | \$0 | \$8,190 |
| Contracts Payable | 0 | 0 | 0 | 289,875 |
| Retainage Payable | 0 | 0 | 0 | 9,333 |
| Accrued Wages and Benefits Payable | 256,751 | 18,874 | 0 | 0 |
| Intergovernmental Payable | 66,280 | 6,683 | 0 | 0 |
| Interfund Payable | 0 | 8,000 | 0 | 0 |
| Due To Students | 0 | 0 | 0 | 0 |
| Deferred Revenue | 1,181,151 | 1,146 | 113,521 | 15,297 |
| Compensated Absences Payable | 20,473 | 0 | 0 | 0 |
| Accrued Interest Payable | 743 | 0 | 0 | 0 |
| Energy Conservation Loan Payable | 55,000 | 0 | 0 | 0 |
| General Obligation Bonds Payable | 0 | 0 | 0 | 0 |
| Total Liabilities | 1,600,345 | 35,183 | 113,521 | 322,695 |
| Fund Equity and Other Credits: | | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 | 0 |
| Contributed Capital | 0 | 0 | 0 | 0 |
| Retained Earnings: | | | | |
| Unreserved | 0 | 0 | 0 | 0 |
| Fund Balance: | | | | |
| Reserved for Encumbrances | 185,219 | 13,683 | 0 | 2,762,848 |
| Reserved for Property Taxes | 56,220 | 0 | 10,669 | 1,427 |
| Reserved for Budget Stabilization | 37,862 | 0 | 0 | 0 |
| Reserved for Donations for Nonexpendable Trust Fund | 0 | 0 | 0 | 0 |
| Unreserved: | | | | |
| Designated for Budget Stabilization | 27,346 | 0 | 0 | 0 |
| Unreserved, Undesignated | 317,430 | 36,031 | 57,599 | 2,062,531 |
| Total Fund Equity and Other Credits | 624,077 | 49,714 | 68,268 | 4,826,806 |
| Total Liabilities, Fund Equity and Other Credits | \$2,224,422 | \$84,897 | \$181,789 | \$5,149,501 |

See Accompanying Notes to the General Purpose Financial Statements.

| Proprietary Fund Type | Fiduciary Fund Types | Account Groups | | Total (Memorandum Only) |
|--------------------------|-------------------------|---------------------------|-------------------------------------|-------------------------------|
| | | General Fixed Asset | General Long-Term Obligations | |
| Enterprise | Trust and Agency | | | |
| \$34,258 | \$47,193 | \$0 | \$0 | \$5,882,168 |
| 0 | 0 | 0 | 0 | 5,740 |
| 0 | 0 | 0 | 0 | 1,372,463 |
| 0 | 0 | 0 | 0 | 256,653 |
| 2,680 | 0 | 0 | 0 | 3,932 |
| 0 | 0 | 0 | 0 | 140,316 |
| 0 | 0 | 0 | 0 | 2,412 |
| 0 | 0 | 0 | 0 | 10,500 |
| 0 | 0 | 0 | 0 | 12,694 |
| 598 | 0 | 0 | 0 | 598 |
| 3,707 | 0 | 0 | 0 | 3,707 |
| 0 | 0 | 0 | 0 | 37,862 |
| 50,773 | 0 | 4,318,615 | 0 | 4,369,388 |
| 0 | 0 | 0 | 68,268 | 68,268 |
| 0 | 0 | 0 | 1,815,214 | 1,815,214 |
| <u>\$92,016</u> | <u>\$47,193</u> | <u>\$4,318,615</u> | <u>\$1,883,482</u> | <u>\$13,981,915</u> |
| \$0 | \$0 | \$0 | \$0 | \$28,617 |
| 0 | 0 | 0 | 0 | 289,875 |
| 0 | 0 | 0 | 0 | 9,333 |
| 11,455 | 0 | 0 | 0 | 287,080 |
| 8,103 | 0 | 0 | 32,151 | 113,217 |
| 2,500 | 0 | 0 | 0 | 10,500 |
| 0 | 25,706 | 0 | 0 | 25,706 |
| 2,138 | 0 | 0 | 0 | 1,313,253 |
| 9,884 | 0 | 0 | 383,396 | 413,753 |
| 0 | 0 | 0 | 0 | 743 |
| 0 | 0 | 0 | 0 | 55,000 |
| 0 | 0 | 0 | 1,467,935 | 1,467,935 |
| <u>34,080</u> | <u>25,706</u> | <u>0</u> | <u>1,883,482</u> | <u>4,015,012</u> |
| 0 | 0 | 4,318,615 | 0 | 4,318,615 |
| 22,284 | 0 | 0 | 0 | 22,284 |
| 35,652 | 0 | 0 | 0 | 35,652 |
| 0 | 2,800 | 0 | 0 | 2,964,550 |
| 0 | 0 | 0 | 0 | 68,316 |
| 0 | 0 | 0 | 0 | 37,862 |
| 0 | 1,500 | 0 | 0 | 1,500 |
| 0 | 0 | 0 | 0 | 27,346 |
| 0 | 17,187 | 0 | 0 | 2,490,778 |
| <u>57,936</u> | <u>21,487</u> | <u>4,318,615</u> | <u>0</u> | <u>9,966,903</u> |
| <u>\$92,016</u> | <u>\$47,193</u> | <u>\$4,318,615</u> | <u>\$1,883,482</u> | <u>\$13,981,915</u> |

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

| | <u>Governmental Fund Types</u> | | | | <u>Fiduciary Fund Type</u> | <u>Total (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|--------------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Expensible Trust</u> | |
| Revenues: | | | | | | |
| Property and Other Taxes | \$582,058 | \$0 | \$3,038 | \$133,169 | \$0 | \$718,265 |
| Income Taxes | 753,168 | 0 | 0 | 0 | 0 | 753,168 |
| Tuition and Fees | 322,924 | 0 | 0 | 0 | 0 | 322,924 |
| Interest | 65,938 | 0 | 0 | 60,779 | 556 | 127,273 |
| Intergovernmental | 2,372,465 | 225,104 | 0 | 3,894,209 | 0 | 6,491,778 |
| Gifts and Donations | 2,134 | 12,961 | 0 | 0 | 2,500 | 17,595 |
| Extracurricular Activities | 0 | 76,447 | 0 | 0 | 0 | 76,447 |
| Miscellaneous | 10,067 | 0 | 0 | 3,860 | 0 | 13,927 |
| Total Revenues | <u>4,108,754</u> | <u>314,512</u> | <u>3,038</u> | <u>4,092,017</u> | <u>3,056</u> | <u>8,521,377</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 1,624,402 | 27,685 | 0 | 30,439 | 1,300 | 1,683,826 |
| Special | 367,774 | 151,884 | 0 | 0 | 0 | 519,658 |
| Support Services: | | | | | | |
| Pupils | 124,973 | 56,825 | 0 | 0 | 0 | 181,798 |
| Instructional Staff | 172,931 | 20,422 | 0 | 0 | 0 | 193,353 |
| Board of Education | 28,218 | 0 | 0 | 0 | 0 | 28,218 |
| Administration | 396,641 | 0 | 0 | 0 | 0 | 396,641 |
| Fiscal | 146,361 | 0 | 2,369 | 270 | 0 | 149,000 |
| Operation and Maintenance of Plant | 272,807 | 0 | 0 | 67,857 | 0 | 340,664 |
| Pupil Transportation | 456,344 | 0 | 0 | 0 | 0 | 456,344 |
| Central | 84,666 | 0 | 0 | 4,057 | 0 | 88,723 |
| Extracurricular Activities | 120,057 | 39,835 | 0 | 0 | 0 | 159,892 |
| Capital Outlay | 95,829 | 0 | 0 | 724,487 | 0 | 820,316 |
| Debt Service: | | | | | | |
| Interest and Fiscal Charges | 4,084 | 0 | 0 | 28,639 | 0 | 32,723 |
| Total Expenditures | <u>3,895,087</u> | <u>296,651</u> | <u>2,369</u> | <u>855,749</u> | <u>1,300</u> | <u>5,051,156</u> |
| Excess of Revenues Over Expenditures | <u>213,667</u> | <u>17,861</u> | <u>669</u> | <u>3,236,268</u> | <u>1,756</u> | <u>3,470,221</u> |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds from Sale of Fixed Assets | 526 | 0 | 0 | 0 | 0 | 526 |
| Proceeds from Sale of Bonds | 0 | 0 | 0 | 1,466,912 | 0 | 1,466,912 |
| Operating Transfers - In | 0 | 0 | 0 | 50,000 | 0 | 50,000 |
| Operating Transfers - Out | (50,000) | 0 | 0 | 0 | 0 | (50,000) |
| Total Other Financing Sources (Uses) | <u>(49,474)</u> | <u>0</u> | <u>0</u> | <u>1,516,912</u> | <u>0</u> | <u>1,467,438</u> |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | <u>164,193</u> | <u>17,861</u> | <u>669</u> | <u>4,753,180</u> | <u>1,756</u> | <u>4,937,659</u> |
| Fund Balances at Beginning of Year | <u>459,884</u> | <u>31,853</u> | <u>67,599</u> | <u>73,626</u> | <u>10,696</u> | <u>643,658</u> |
| Fund Balances at End of Year | <u>\$624,077</u> | <u>\$49,714</u> | <u>\$68,268</u> | <u>\$4,826,806</u> | <u>\$12,452</u> | <u>\$5,581,317</u> |

See Accompanying Notes to the General Purpose Financial Statements.

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

| | General Fund | | | Special Revenue Funds | | |
|---|-------------------|------------------|--|-----------------------|-----------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Property and Other Taxes | \$563,602 | \$563,602 | \$0 | \$0 | \$0 | \$0 |
| Income Taxes | 717,788 | 717,788 | 0 | 0 | 0 | 0 |
| Tuition and Fees | 241,410 | 241,410 | 0 | 0 | 0 | 0 |
| Interest | 66,317 | 66,317 | 0 | 0 | 0 | 0 |
| Intergovernmental | 2,372,465 | 2,372,465 | 0 | 217,119 | 217,119 | 0 |
| Gifts and Donations | 2,134 | 2,134 | 0 | 12,961 | 12,961 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 76,722 | 76,722 | 0 |
| Miscellaneous | 9,775 | 9,775 | 0 | 0 | 0 | 0 |
| Total Revenues | 3,973,491 | 3,973,491 | 0 | 306,802 | 306,802 | 0 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 1,632,420 | 1,632,420 | 0 | 30,482 | 30,482 | 0 |
| Special | 396,818 | 396,818 | 0 | 147,093 | 147,093 | 0 |
| Support Services: | | | | | | |
| Pupils | 125,521 | 125,521 | 0 | 56,825 | 56,825 | 0 |
| Instructional Staff | 165,731 | 165,731 | 0 | 14,661 | 14,661 | 0 |
| Board of Education | 35,251 | 35,251 | 0 | 0 | 0 | 0 |
| Administration | 388,305 | 388,305 | 0 | 0 | 0 | 0 |
| Fiscal | 151,973 | 151,973 | 0 | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 293,519 | 293,519 | 0 | 0 | 0 | 0 |
| Pupil Transportation | 479,100 | 479,100 | 0 | 0 | 0 | 0 |
| Central | 85,907 | 85,907 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 127,852 | 127,852 | 0 | 46,529 | 46,529 | 0 |
| Capital Outlay | 195,329 | 195,329 | 0 | 0 | 0 | 0 |
| Debt Service: | | | | | | |
| Principal Retirement | 27,500 | 27,500 | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 4,455 | 4,455 | 0 | 0 | 0 | 0 |
| Total Expenditures | 4,109,681 | 4,109,681 | 0 | 295,590 | 295,590 | 0 |
| Excess of Revenues Over (Under) Expenditures | (136,190) | (136,190) | 0 | 11,212 | 11,212 | 0 |
| Other Financing Sources (Uses): | | | | | | |
| Refund of Prior Year Expenditures | 40 | 40 | 0 | 0 | 0 | 0 |
| Proceeds from the Sale of Fixed Assets | 526 | 526 | 0 | 0 | 0 | 0 |
| Proceeds from the Sale of Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Advances - In | 87,000 | 87,000 | 0 | 30,000 | 30,000 | 0 |
| Advances - Out | (97,500) | (97,500) | 0 | (22,000) | (22,000) | 0 |
| Operating Transfers - In | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers - Out | (50,000) | (50,000) | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (59,934) | (59,934) | 0 | 8,000 | 8,000 | 0 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (196,124) | (196,124) | 0 | 19,212 | 19,212 | 0 |
| Fund Balances at Beginning of Year | 365,232 | 365,232 | 0 | 35,527 | 35,527 | 0 |
| Prior Year Encumbrances Appropriated | 251,489 | 251,489 | 0 | 7,247 | 7,247 | 0 |
| Fund Balances at End of Year | \$420,597 | \$420,597 | \$0 | \$61,986 | \$61,986 | \$0 |

See Accompanying Notes to the General Purpose Financial Statements.

| Debt Service Fund | | | Capital Projects Funds | | | Expendable Trust Funds | | |
|-------------------|-----------------|----------------------------------|------------------------|--------------------|----------------------------------|------------------------|----------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$114,302 | \$114,302 | \$0 | \$14,413 | \$13,823 | (\$590) | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 60,779 | 60,779 | 0 | 556 | 556 | 0 |
| 12,826 | 12,826 | 0 | 3,841,200 | 3,840,726 | (474) | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 2,500 | 2,500 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 3,860 | 3,860 | 0 | 0 | 0 | 0 |
| <u>127,128</u> | <u>127,128</u> | <u>0</u> | <u>3,920,252</u> | <u>3,919,188</u> | <u>(1,064)</u> | <u>3,056</u> | <u>3,056</u> | <u>0</u> |
| 0 | 0 | 0 | 39,683 | 39,683 | 0 | 4,100 | 4,100 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2,369 | 2,369 | 0 | 270 | 270 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 68,441 | 68,441 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 6,047 | 6,047 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 3,322,604 | 3,322,604 | 0 | 0 | 0 | 0 |
| 200,000 | 200,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31,132 | 31,132 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>233,501</u> | <u>233,501</u> | <u>0</u> | <u>3,437,045</u> | <u>3,437,045</u> | <u>0</u> | <u>4,100</u> | <u>4,100</u> | <u>0</u> |
| (106,373) | (106,373) | 0 | 483,207 | 482,143 | (1,064) | (1,044) | (1,044) | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 100,000 | 100,000 | 0 | 1,366,912 | 1,366,912 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 50,000 | 50,000 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>100,000</u> | <u>100,000</u> | <u>0</u> | <u>1,416,912</u> | <u>1,416,912</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| (6,373) | (6,373) | 0 | 1,900,119 | 1,899,055 | (1,064) | (1,044) | (1,044) | 0 |
| 63,972 | 63,972 | 0 | 356,903 | 356,903 | 0 | 9,696 | 9,696 | 0 |
| 0 | 0 | 0 | 65,384 | 65,384 | 0 | 1,000 | 1,000 | 0 |
| <u>\$57,599</u> | <u>\$57,599</u> | <u>\$0</u> | <u>\$2,322,406</u> | <u>\$2,321,342</u> | <u>(\$1,064)</u> | <u>\$9,652</u> | <u>\$9,652</u> | <u>\$0</u> |

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Total (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|--|
| | <u>Enterprise</u> | <u>Nonexpendable Trust</u> | |
| Operating Revenues: | | | |
| Tuition | \$27,736 | \$0 | \$27,736 |
| Sales | 121,133 | 0 | 121,133 |
| Interest | 0 | 487 | 487 |
| Other | 2,700 | 0 | 2,700 |
| Total Operating Revenues | <u>151,569</u> | <u>487</u> | <u>152,056</u> |
| Operating Expenses: | | | |
| Salaries and Wages | 69,071 | 0 | 69,071 |
| Fringe Benefits | 35,252 | 0 | 35,252 |
| Purchased Services | 7,932 | 0 | 7,932 |
| Supplies and Materials | 4,809 | 0 | 4,809 |
| Cost of Sales | 80,367 | 0 | 80,367 |
| Depreciation | 4,100 | 0 | 4,100 |
| Other | 214 | 0 | 214 |
| Total Operating Expenses | <u>201,745</u> | <u>0</u> | <u>201,745</u> |
| Operating Income (Loss) | <u>(50,176)</u> | <u>487</u> | <u>(49,689)</u> |
| Non-Operating Revenues: | | | |
| Interest | 2,856 | 0 | 2,856 |
| Federal and State Subsidies | 40,025 | 0 | 40,025 |
| Federal Donated Commodities | 13,173 | 0 | 13,173 |
| Total Non-Operating Revenues | <u>56,054</u> | <u>0</u> | <u>56,054</u> |
| Net Income | 5,878 | 487 | 6,365 |
| Retained Earnings/Fund Balance at Beginning of Year | <u>29,774</u> | <u>8,548</u> | <u>38,322</u> |
| Retained Earnings/Fund Balance at End of Year | <u><u>\$35,652</u></u> | <u><u>\$9,035</u></u> | <u><u>\$44,687</u></u> |

See Accompanying Notes to the General Purpose Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

| | <u>Enterprise Funds</u> | | | <u>Nonexpendable Trust Fund</u> | | |
|---|---------------------------|-----------------|---|---------------------------------|----------------|---|
| | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
| Revenues: | | | | | | |
| Tuition | \$27,736 | \$27,736 | \$0 | \$0 | \$0 | \$0 |
| Sales | 121,001 | 121,001 | 0 | 0 | 0 | 0 |
| Federal and State Subsidies | 46,183 | 46,183 | 0 | 0 | 0 | 0 |
| Interest | 2,856 | 2,856 | 0 | 487 | 487 | 0 |
| Other | 2,700 | 2,700 | 0 | 0 | 0 | 0 |
| Total Revenues | <u>200,476</u> | <u>200,476</u> | <u>0</u> | <u>487</u> | <u>487</u> | <u>0</u> |
| Expenses: | | | | | | |
| Salaries and Wages | 65,999 | 65,999 | 0 | 0 | 0 | 0 |
| Fringe Benefits | 32,385 | 32,385 | 0 | 0 | 0 | 0 |
| Purchased Services | 8,444 | 8,444 | 0 | 0 | 0 | 0 |
| Supplies and Materials | 73,943 | 73,943 | 0 | 0 | 0 | 0 |
| Other | 214 | 214 | 0 | 0 | 0 | 0 |
| Total Expenses | <u>180,985</u> | <u>180,985</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess of Revenues Over Expenses Before Advances | 19,491 | 19,491 | 0 | 487 | 487 | 0 |
| Advances - In | 67,500 | 67,500 | 0 | 0 | 0 | 0 |
| Advances - Out | (65,000) | (65,000) | 0 | 0 | 0 | 0 |
| Excess of Revenues and Advances Over Expenses and Advances | 21,991 | 21,991 | 0 | 487 | 487 | 0 |
| Fund Equity at Beginning of Year | 9,143 | 9,143 | 0 | 8,548 | 8,548 | 0 |
| Prior Year Encumbrances Appropriated | 779 | 779 | 0 | 0 | 0 | 0 |
| Fund Equity at End of Year | <u>\$31,913</u> | <u>\$31,913</u> | <u>\$0</u> | <u>\$9,035</u> | <u>\$9,035</u> | <u>\$0</u> |

See Accompanying Notes to the General Purpose Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Total (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|--|
| | <u>Enterprise</u> | <u>Nonexpendable Trust</u> | |
| Increase (Decrease) in Cash and Cash Equivalents: | | | |
| Cash Flows from Operating Activities: | | | |
| Cash Received from Customers | \$148,737 | \$0 | \$148,737 |
| Other Operating Receipts | 2,700 | 0 | 2,700 |
| Cash Payments for Employee Services and Benefits | (97,748) | 0 | (97,748) |
| Cash Payments to Suppliers for Goods and Services | (80,712) | 0 | (80,712) |
| Other Operating Expenses | (214) | 0 | (214) |
| Net Cash Used In Operating Activities | <u>(27,237)</u> | <u>0</u> | <u>(27,237)</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Federal and State Subsidies Received | 46,183 | 0 | 46,183 |
| Advances - In | 67,500 | 0 | 67,500 |
| Advances - Out | (65,000) | 0 | (65,000) |
| Net Cash Provided By Noncapital Financing Activities | <u>48,683</u> | <u>0</u> | <u>48,683</u> |
| Cash Flows from Investing Activities: | | | |
| Interest | <u>2,856</u> | <u>487</u> | <u>3,343</u> |
| Net Cash Provided By Investing Activities | <u>2,856</u> | <u>487</u> | <u>3,343</u> |
| Net Increases in Cash and Cash Equivalents | 24,302 | 487 | 24,789 |
| Cash and Cash Equivalents Beginning of Year | <u>9,956</u> | <u>8,548</u> | <u>18,504</u> |
| Cash and Cash Equivalents End of Year | <u><u>\$34,258</u></u> | <u><u>\$9,035</u></u> | <u><u>\$43,293</u></u> |
| Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities: | | | |
| Operating Income (Loss) | (\$50,176) | \$487 | (\$49,689) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities: | | | |
| Depreciation | 4,100 | 0 | 4,100 |
| Donated Commodities Received | 13,173 | 0 | 13,173 |
| Interest in Nonexpendable Trust Fund | 0 | (487) | (487) |
| Changes in Assets and Liabilities: | | | |
| Increase in Accounts Receivable | (132) | 0 | (132) |
| Increase in Supplies and Materials Inventory | (363) | 0 | (363) |
| Increase in Inventory Held for Resale | (414) | 0 | (414) |
| Increase in Accrued Salaries Payable | 1,056 | 0 | 1,056 |
| Increase in Intergovernmental Payable | 3,337 | 0 | 3,337 |
| Increase in Compensated Absences Payable | 2,182 | 0 | 2,182 |
| Net Cash Used In Operating Activities | <u>(27,237)</u> | <u>\$0</u> | <u>(27,237)</u> |
| Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet: | | | |
| Cash and Cash Equivalents-All Fiduciary Funds | | \$47,193 | |
| Cash and Cash Equivalents-Expendable Trust and Agency Funds | | <u>(38,158)</u> | |
| Cash and Cash Equivalents-Nonexpendable Trust Fund | | <u><u>\$9,035</u></u> | |

See Accompanying Notes to the General Purpose Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Bradford Exempted Village School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

The School District serves an area of approximately 14,698 acres. It is located in Miami and Darke Counties and includes a portion of Shelby County, and includes all of the Village of Bradford and portions of Newbury, Newton, Wayne, Adams, Franklin and Loramie Townships. It is staffed by 48 non-certificated employees, 32 certificated full-time teaching personnel and 3 administrative employees who provide services to 638 students and other community members. The School District currently operates 2 instructional buildings and 1 garage.

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

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

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Village of Bradford The village government of Bradford is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

Parent Teacher Association The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The School District is associated with four jointly governed organizations, one related organization and one insurance purchasing pool. These organizations are discussed in Note 17 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

Metropolitan Dayton Educational Cooperative Association
Southwestern Ohio Educational Purchasing Council
Southwestern Ohio Instructional Technology Association
Upper Valley Joint Vocational School District

Related Organization:

Bradford Public Library

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

2. Proprietary Fund Type:

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds

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

3. Fiduciary Fund Types:

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

4. Account Groups:

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

B. Measurement Focus and Basis of Accounting

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Accounts and intergovernmental receivables, in some instances, are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The title III, title VI-B, drug-free schools, and preschool grant special revenue funds grant activity that is administered by a fiscal agent is not budgeted by the School District. The legal level of budgetary control is at the function level within the General Fund, and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Miami County Budget Commission for rate determination.

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. Prior to year-end, the School District requested an amended certificate of estimated resources that reflected actual revenue for the fiscal year except the capital projects funds. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

3. Appropriations:

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Any revisions that alter the total of any fund appropriation, or alter total function appropriations within the General Fund, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, five supplemental appropriations were legally enacted; however, none of these amendments were significant. Prior to year end, the School District passed appropriations to match expenditures plus encumbrances. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

4. Encumbrances:

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

5. Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

The balance of the title III, title VI-B, drug free schools, and preschool grants special revenue funds' activity administered by the fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent."

During fiscal year 2000, the School District's investments were limited to funds invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2000 amounted to \$65,938 which includes \$4,023 assigned from other School District funds. The capital projects fund, the expendable trust funds, the enterprise funds, and the nonexpendable trust fund also received interest in the amount of \$60,779, \$556, \$2,856 and \$487, respectively.

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

E. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and non-food supplies and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, 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 is reported in the year in which services are consumed.

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization.

H. Estimates

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

I. Fixed Assets and Depreciation

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

The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

J. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

- Textbook and Instructional Materials Subsidy
- Education Management Information Systems
- Title I
- Title III - Eisenhower
- Title VI
- Title VI-B
- Drug-Free Schools
- Workforce Development State Grant
- Professional Development Block Grant
- Title VI-B Early Childhood
- Preschool Grant
- Early Childhood
- School Net Professional Development
- Title VI-R

Capital Projects Funds

- School Net
- School Net Plus
- Technology Equity
- Interactive Video Distance Learning

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursable Grants

General Fund

Driver Education

Special Revenue Funds

Ohio Reads

E-Rate

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 76 percent of governmental fund revenue during the 2000 fiscal year.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after seven years of current service with the School District. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid using current available financial resources. General obligation bonds are recognized as a liability of the general long-term obligations account group.

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions

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

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for donations for the nonexpendable trust funds signifies the legal restrictions on the use of principal.

O. Fund Designations

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designation reflects the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations represent amounts set-aside which exceed the statutory required amount. The amount designated for budget stabilization this year for the School District is \$27,346.

P. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. The School District had no changes in contributed capital during the year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1995, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Total Columns on General Purpose Financial Statements

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

3. ACCOUNTABILITY

Title I special revenue fund had a negative fund balance at June 30, 2000 in the amount of \$31,400. The deficit in this fund is due to adjustments for accrued liabilities, and the timing of grant awards. The general fund is liable for the deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund type and nonexpendable trust fund (GAAP basis).
4. The School District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to Bradford Exempted Village School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).
5. Principal payments on short-term loans and notes are reported on the operating statement (budget basis), rather than as a balance sheet transaction (GAAP basis).
6. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Funds | | | | | |
|--|-------------|--------------------|-----------------|---------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust |
| GAAP Basis | \$164,193 | \$17,861 | \$669 | \$4,753,180 | \$1,756 |
| Revenue Accruals | (135,223) | (7,710) | (7,042) | (41,696) | 0 |
| Expenditure Accruals | 1,956 | 13,268 | 0 | 154,969 | 0 |
| Prepaid Items | 6,495 | 0 | 0 | 0 | 0 |
| Nonbudgeted Fund Activity | 0 | 1,905 | 0 | 0 | 0 |
| Debt Principal | 0 | 0 | (200,000) | 0 | 0 |
| Reallocation of Debt Activity | 0 | 0 | 200,000 | (200,000) | 0 |
| Loan Principal Payments | (27,500) | 0 | 0 | 0 | 0 |
| Advances | (10,500) | 8,000 | 0 | 0 | 0 |
| Encumbrances | (195,545) | (14,112) | 0 | (2,767,398) | (2,800) |
| Budget Basis | (\$196,124) | \$19,212 | (\$6,373) | \$1,899,055 | (\$1,044) |

| Net Income/Excess of Revenues and Advances Over Expenses and Advances Proprietary Fund Type and Nonexpendable Trust Fund | | |
|--|------------|------------------------|
| | Enterprise | Nonexpendable Trust |
| GAAP Basis | \$5,878 | \$487 |
| Revenue Accruals | 6,026 | 0 |
| Expense Accruals | 5,055 | 0 |
| Depreciation | 4,100 | 0 |
| Materials and Supplies Inventory | 363 | 0 |
| Inventory Held for Resale | 414 | 0 |
| Advances | 2,500 | 0 |
| Encumbrances | (2,345) | 0 |
| Budget Basis | \$21,991 | \$487 |

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes debentures, or any other obligations or 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand: At fiscal year end, the School District had \$130 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

The "Cash and Cash Equivalents with Fiscal Agent" of \$5,740 shown in the special revenue funds is maintained with the Darke County Educational Service Center. GASB 3 disclosures regarding this amount can be obtained from their annual report.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$3,330,491 and the bank balance was \$3,460,333. Of the bank balance:

1. \$136,494 was covered by federal depository insurance; and
2. \$3,323,839 was uninsured and uncollateralized. Although all State 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 Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The fair value of the STAR Ohio investment as of June 30, 2000, was \$2,589,409.

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

| | Cash and Cash Equivalents/ Deposits | Investments |
|---|---|-------------|
| GASB Statement 9 | \$5,925,770 | \$0 |
| Cash on Hand | (130) | 0 |
| Cash and Cash Equivalents with Fiscal Agent | (5,740) | 0 |
| Investment of the cash management pool: | | |
| STAR Ohio | (2,589,409) | 2,589,409 |
| GASB Statement 3 | \$3,330,491 | \$2,589,409 |

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6 - PROPERTY TAXES (Continued)

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

The assessed values upon which fiscal year 2000 taxes were collected are:

| | 1999 Second- Half Collections | | 2000 First- Half Collections | |
|---|----------------------------------|-------------|---------------------------------|-------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$26,377,440 | 89% | \$29,760,720 | 91% |
| Public Utility | 2,013,830 | 7 | 1,798,500 | 6 |
| Tangible Personal Property | 1,165,320 | 4 | 1,092,330 | 3 |
| Total Assessed Value | <u>\$29,556,590</u> | <u>100%</u> | <u>\$32,651,550</u> | <u>100%</u> |
| Tax rate per \$1,000 of assessed valuation | \$30.80 | | \$35.01 | |

The tax rate increased due to a new levy related to the school improvement bonds. The School District receives property taxes from Shelby, Miami, and Darke Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$56,220 in the general fund, \$10,669 in the bond retirement debt service fund and \$1,427 in the permanent improvement capital projects fund.

7. INCOME TAX

The School District levies a voted tax of 1.75 percent for general operations on the income of residents and of estates. The 1.00 percent tax was effective on January 1, 1982, while the 0.75 percent tax was effective on January 1, 1992, and both are a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue credited to the general fund during fiscal year 2000 was \$753,168.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. RECEIVABLES

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (student fees), intergovernmental grants, accrued interest, and interfund transactions. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable conditions of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. A summary of the principal items of intergovernmental receivables follows:

General Fund:

| | |
|-------------------------------------|---------|
| Tuition from Other School Districts | \$5,716 |
| Final Payment for MH | 90,897 |
| Reimbursement of Substitutes | 1,133 |
| Total General Fund | 97,746 |

Special Revenue Funds:

| | |
|----------------|-------|
| E-Rate Funding | 1,913 |
| | 1,913 |

Capital Projects Funds:

| | |
|---|-----------|
| Ohio School Commission Facility Grant | 40,657 |
| Total Intergovernmental Receivables - All Funds | \$140,316 |

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

| | |
|-------------------------------|----------|
| Furniture and Equipment | \$95,984 |
| Less Accumulated Depreciation | (45,211) |
| Net Fixed Assets | \$50,773 |

A summary of the changes in general fixed assets during fiscal year 2000 follows:

| Asset Category | Balance at 6/30/99 | Additions | Deletions | Balance at 6/30/00 |
|--------------------------------------|-----------------------|-------------|-----------|-----------------------|
| Land and Improvements | \$414,566 | \$80,000 | \$0 | \$494,566 |
| Buildings and Improvements | 995,138 | 184,948 | 0 | 1,180,086 |
| Furniture, Fixtures and Equipment | 1,208,672 | 27,563 | 0 | 1,236,235 |
| Vehicles | 328,837 | 58,064 | 33,540 | 353,361 |
| Construction in Progress | 0 | 1,054,367 | 0 | 1,054,367 |
| Totals | \$2,947,213 | \$1,404,942 | \$33,540 | \$4,318,615 |

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. RISK MANAGEMENT

A. Property and Liability

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 2000, the School District contracted with Harcum-Hyre Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Harcum-Hyre Insurance are as follows:

| | |
|---|-------------|
| Building and Contents-replacement cost (\$1,000 deductible) | \$9,862,300 |
| Inland Marine | |
| Computers (\$100 deductible) | 318,000 |
| Software (\$100 deductible) | 2,500 |
| Boiler and Machinery (\$1,000 deductible) | 6,561,700 |
| Crime Insurance (\$250 deductible) | 25,000 |
| Automobile Liability (\$0 deductible) | 2,000,000 |
| Uninsured Motorists (\$0 deductible) | 1,000,000 |
| Automobile Physical Damage | |
| Comprehensive (\$100 deductible) | |
| Collision (\$500 deductible) | |
| General Liability | |
| Per occurrence (\$0 deductible) | 1,000,000 |
| Total per year | 3,000,000 |
| Umbrella Liability | |
| Per occurrence (\$10,000 SIR) | 2,000,000 |

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

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc, provides administrative, cost control, and actuarial services to the GRP.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$31,252, \$46,802 and \$61,718, respectively; 40.42 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$18,619 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$115,764, \$98,072 and \$214,481, respectively; 83.08 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$19,592 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$154,352 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent over fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$57,084.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 204 days for all personnel except for 12 month employees, and 12 month employees accumulate up to maximum of 260 days. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit to a maximum of 56 days for all employees.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through National Term Life Insurance Company. The School District provides medical and surgical benefits through Anthem Blue Cross Blue Shield.

14. FUND OBLIGATIONS

In 1994, the School District entered into an eight year \$220,000 energy conservation loan for the purpose of implementing energy conservation measures at various School District buildings. This loan is being repaid with tax revenue allocated from the general fund. This loan is backed by the full faith and credit of the School District. The loan liability is reflected in the general fund, the fund that received the proceeds.

In 1999, the School District issued \$200,000 in bond anticipation notes which matured on August 11, 1999. The School District paid off the original issue and renewed it for \$200,000 with a new maturity date of February 18, 2000. The School District also paid off the renewal during fiscal year 2000. The renewal was paid off partially with tax revenue and partially from the School Improvement Unlimited Tax General Obligation Bonds and \$100,000 from the debt service fund.

The School District's loan and note activity for fiscal year 2000, including amount outstanding and interest rate follow:

| | Balance 6/30/99 | Additions | Deletions | Balance 6/30/00 |
|-----------------------------------|--------------------|------------------|------------------|--------------------|
| General Fund | | | | |
| Energy Conservation Loan 5.40% | \$82,500 | \$0 | \$27,500 | \$55,000 |
| Capital Projects Fund | | | | |
| Bond Anticipation Notes 3.72% | 200,000 | 200,000 | 400,000 | 0 |
| Total Fund Obligations | \$282,500 | \$200,000 | \$427,500 | \$55,000 |

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. FUND OBLIGATIONS (Continued)

Principal and interest requirements to retire the energy conservation loan at June 30, 2000, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|-----------------|----------------|-----------------|
| 2001 | \$27,500 | \$2,970 | \$30,470 |
| 2002 | 27,500 | 1,485 | 28,985 |
| Total | <u>\$55,000</u> | <u>\$4,455</u> | <u>\$59,455</u> |

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

| | Amount Outstanding 6/30/99 | Additions | Deductions | Amount Outstanding 6/30/00 |
|--|----------------------------------|--------------------|-----------------|----------------------------------|
| School Improvement Bonds 2000 5.95% - Average | \$0 | \$1,467,935 | \$0 | \$1,467,935 |
| Intergovernmental Payable | 32,226 | 32,151 | 32,226 | 32,151 |
| Compensated Absences | 352,362 | 31,034 | 0 | 383,396 |
| Total General Long-Term Obligations | <u>\$384,588</u> | <u>\$1,531,120</u> | <u>\$32,226</u> | <u>\$1,883,482</u> |

School Improvement General Obligation Bonds - The School District issued bonds in the amount of \$1,466,912 during fiscal year 2000. Of these bonds, \$1,455,000 are current bonds, with maturity dates of December 1, 2000 to December 1, 2009 and December 1, 2021. \$11,912 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2010 and 2011. The maturity amount is \$135,000 for each year. The capital appreciation bonds were accreted \$1,023 in fiscal year 2000.

The School District issued the general obligation bonds to retire outstanding bond anticipation notes that were issued for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program, under which the School District was approved for a \$13,255,295 school facilities loan through the State Department of Education. As a requirement of the loans, the School District was required to pass a 5.1 mill levy. Of the levy, .5 mill is to be used for the retirement of the debt, with the balance of 4.6 mills used for the retirement of the bonds, the levy will be in effect for twenty-three years.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

The Bradford Exempted Village School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the classroom facilities loan to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil (currently 568 out of 611 schools). In lieu of the repayment, the School District must set aside the funds received from the .5 mill levy to be used for the retirement of the debt. As part of the process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-one year period expires. The School District has received \$3,894,209 from this program during the year that is recorded as revenue in the capital projects fund.

The intergovernmental payable represents contractually required pension contributions paid outside the available period. The intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$1,470,705, the energy conservation debt margin was \$238,864 and the unvoted debt margin was \$32,652 at June 30, 2000.

Principal and interest requirements to retire the general long-term bonds at June 30, 2000, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|--------------------|--------------------|--------------------|
| 2001 | \$45,000 | \$80,178 | \$125,178 |
| 2002 | 45,000 | 78,198 | 123,198 |
| 2003 | 40,000 | 76,255 | 116,255 |
| 2004 | 50,000 | 74,125 | 124,125 |
| 2005 | 50,000 | 71,700 | 121,700 |
| 2006-2010 | 300,000 | 315,681 | 615,681 |
| 2011-2015 | 237,935 | 378,789 | 616,724 |
| 2016-2020 | 475,000 | 140,569 | 615,569 |
| 2021-2022 | 225,000 | 13,536 | 238,536 |
| Total | <u>\$1,467,935</u> | <u>\$1,229,031</u> | <u>\$2,696,966</u> |

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and preschool. The table below reflects the more significant financial data relating to the enterprise funds of the Bradford Exempted Village School District as of and for the fiscal year ended June 30, 2000.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

| | Food Service | Uniform School Supplies | Preschool | Total Enterprise Funds |
|---|-----------------|-------------------------------|-----------|------------------------------|
| Operating Revenues | \$107,594 | \$13,539 | \$30,436 | \$151,569 |
| Depreciation Expense | 4,100 | 0 | 0 | 4,100 |
| Operating Income (Loss) | (46,442) | (3,470) | (264) | (50,176) |
| Net Non-Operating Revenues Excluding Federal and State Subsidies | 16,029 | 0 | 0 | 16,029 |
| Federal and State Subsidies | 40,025 | 0 | 0 | 40,025 |
| Net Income (Loss) | 9,612 | (3,470) | (264) | 5,878 |
| Net Working Capital (Deficit) | 10,321 | 2,450 | 4,276 | 17,047 |
| Long-Term Liabilities Payable from Revenue | 7,843 | 0 | 2,041 | 9,884 |
| Total Assets | 78,361 | 4,950 | 8,705 | 92,016 |
| Total Equity | 53,251 | 2,450 | 2,235 | 57,936 |
| Encumbrances Outstanding at June 30, 2000 | \$1,081 | \$1,130 | \$134 | \$2,345 |

17. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

Metropolitan Dayton Educational Cooperative Association - The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment for administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid MDECA \$16,007 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION, AND INSURANCE
PURCHASING POOL (Continued)**

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During fiscal year 2000, the School District paid \$10,498 to SOEPC from the general fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. During fiscal year 2000, the School District paid \$195 to SOITA from the general fund. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Upper Valley Joint Vocational School - The Upper Valley Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following School Districts: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or county school districts: Piqua, Shelby, Sidney, and Troy. The School District had no financial transactions with the Upper Valley Joint Vocational School during fiscal year 2000. To obtain financial information, write to the Upper Valley Joint Vocational School, William Stump, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION, AND INSURANCE PURCHASING POOL (Continued)

B. Related Organization

Bradford Public Library - The Bradford Public 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 Bradford 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 Bradford Public Library, Janice Sarver, Clerk/Treasurer, at 138 South Main, Bradford, Ohio 45308.

C. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the 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.

18. SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,279,171 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$3,894,209 million under this program.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. SCHOOL FUNDING COURT DECISION (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

19. SET-ASIDE CALCULATIONS

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

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

| | Textbooks/ Instructional Materials Reserve | Capital Improvements Reserve | Budget Stabilization Reserve |
|--|--|------------------------------------|------------------------------------|
| Set-aside Reserve Balance as of June 30, 1999 | \$0 | \$0 | \$37,862 |
| Current Year Set-aside Requirement | 76,988 | 76,988 | 0 |
| Additional Money Set-aside | 0 | 0 | 27,346 |
| Current Year Offsets | 0 | (1,366,912) | 0 |
| Qualifying Disbursements | (78,455) | (141,254) | 0 |
| Set-aside Balance Carried Forward to Future Fiscal Years | (\$1,467) | (\$1,431,178) | \$65,208 |
| Set-aside Reserve Balance as of June 30, 2000 | <u>\$0</u> | <u>\$0</u> | <u>\$37,862</u> |

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

19. SET-ASIDE CALCULATIONS (Continued)

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements and textbooks/instructional materials set-aside amounts below zero. The extra amount for capital improvements and textbooks/instructional materials may be used as an offset to reduce the set-aside requirements in future fiscal years. The total reserve balance for budget stabilization at the end of the fiscal year was \$37,862. The additional set-aside amount is presented as a designation of fund balance.

20. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

The School District did not have any pending litigation.

21. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had contractual commitments as Follows:

| Vendor | Project | Amount Remaining on Contract |
|---------------------------------|------------------------------|------------------------------|
| Prism Electrical Contractors | Classroom Facilities Project | \$1,450,959 |
| Danis Building Construction Co. | Classroom Facilities Project | 6,422,507 |
| Star-Ex Inc. | Classroom Facilities Project | 1,447,694 |
| Stead-Hammond-Paul | Classroom Facilities Project | 206,075 |
| VFP Fire System Inc | Classroom Facilities Project | 148,597 |
| Regal Plumbing & Heating Co | Classroom Facilities Project | 2,011,075 |

22. INTERFUND RECEIVABLE/PAYALBE

At June 30, 2000, the Title I Special Revenue Fund and Uniform School Supply Enterprise Fund had interfund payables in the amounts of \$8,000 and \$2,500, respectively. The General Fund had an interfund receivable in the amount of \$10,500.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

23. SUBSEQUENT EVENT

Due to recently passed legislation, the School District will not be required to re-pay any portion of the Ohio School Facilities Commission Loan, even if the adjusted valuation per pupil exceeds the state-wide median.



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Bradford Exempted Village School District
Miami County
712 N. Miami Street
Bradford, Ohio 45308

To the Board of Education:

We have audited the financial statements of Bradford Exempted Village School District, Miami County, (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated January 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 11, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-10355-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 11, 2001.

Bradford Exempted Village School District
Miami County
Report of Independent Accountants on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

January 11, 2001

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDING
JUNE 30, 2000**

| |
|---|
| FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

| | |
|-----------------------|-----------------------|
| Finding Number | 2000-10355-001 |
|-----------------------|-----------------------|

Cash Reconciliations

The District Treasurer is responsible for all accounting functions including performing the monthly bank reconciliations. Reconciliations are intended to account for differences between activity according to the depository's records and activity per the District's accounting system. The following weaknesses were encountered while reviewing the District's cash reconciliations for the fiscal year ended June 30, 2000:

1. Outstanding check lists were not prepared properly resulting in understatement of the outstanding check list for June 30, 2000, by \$876.30.
2. Payroll withholding items were not being remitted on a timely basis. In one instance the District was charged a penalty and interest for late payments.
3. Payroll account did not reconcile at June 30, 2000, by \$2,319.56 due to various errors in remitting Medicare.
4. The regular checking account did not reconcile by \$3,191.40 due to various posting errors that were not corrected by the end of the month and the failure to post a school foundation payment.
5. The Board of Education does not review the reconciliation of the District's bank accounts on a monthly, or other periodic basis.

The District Board of Education should take a more active part in reviewing the monthly bank reconciliations, budget to actual reports, and other financial information on a monthly basis as presented by the Treasurer and document the review in the monthly Board minutes.

The Board should be alert for significant unremitted payroll withholdings, posting errors, late postings, etc., and make appropriate inquiries to determine the underlying causes.



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BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 22, 2001**