



Dave Yost • Auditor of State



**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Bridgeport Exempted Village School District  
Belmont County  
55781 National Road  
Bridgeport, Ohio 43912

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeport Exempted Village School District, Belmont County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeport Exempted Village School District, Belmont County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2013, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

January 17, 2013

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

The management's discussion and analysis of the Bridgeport Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets of governmental activities increased \$170,418 which represents a 1.07% increase from 2011.
- General revenues accounted for \$6,183,285 in revenue or 72.18% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,383,026 or 27.82% of total revenues of \$8,566,311.
- The District had \$8,395,893 in expenses related to governmental activities; \$2,383,026 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,183,285 were adequate to provide for these programs.
- The District has two major governmental funds. They are the general fund and debt service fund. The general fund had \$6,843,779 in revenues and \$6,475,383 in expenditures and other financing uses. During fiscal year 2012, the general fund's fund balance increased \$368,396 from \$299,621 to \$668,017.
- The debt service fund is a major fund of the District. The debt service fund had \$4,671,782 in revenues and other financing sources and \$4,569,286 in expenditures and other financing uses. During fiscal year 2012, the debt service fund's fund balance increased \$102,496 from \$173,776 to \$276,272.

**Using the Basic Financial Statements**

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

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and debt service fund are by far the most significant funds, and the only governmental funds reported as major funds.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

**Reporting the District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The statement of net assets and statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and debt service fund.

*Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

*Proprietary Funds*

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for dental, vision, prescription and life self-insurance. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 23 and 24. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-55 of this report.

**The District as a Whole**

The table below provides a summary of the District's net assets at June 30, 2012 and June 30, 2011.

	<b>Net Assets</b>	
	Governmental Activities 2012	Governmental Activities 2011
	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 4,773,632	\$ 4,530,127
Capital assets, net	<u>18,298,548</u>	<u>18,623,442</u>
Total assets	<u>23,072,180</u>	<u>23,153,569</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,418,297	2,515,834
Long-term liabilities	<u>4,580,244</u>	<u>4,734,514</u>
Total liabilities	<u>6,998,541</u>	<u>7,250,348</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	14,149,695	14,159,815
Restricted	1,087,775	1,107,776
Unrestricted	<u>836,169</u>	<u>635,630</u>
Total net assets	<u>\$ 16,073,639</u>	<u>\$ 15,903,221</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$16,073,639. Of this total, \$836,169 is unrestricted in use.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

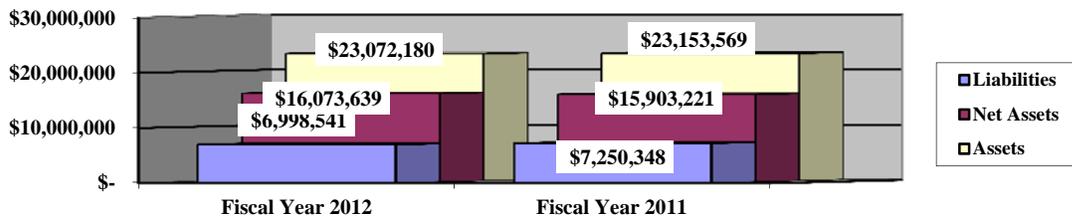
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

At year-end, capital assets represented 79.31% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$14,149,695. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,087,775, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$836,169.

The graph below illustrates the governmental activities assets, liabilities and net assets at June 30, 2012 and 2011.

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2012 and 2011.

**Change in Net Assets**

	Governmental Activities 2012	Governmental Activities 2011
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 746,224	\$ 643,837
Operating grants and contributions	1,636,802	2,493,070
Capital grants and contributions	-	5,748
General revenues:		
Property taxes	1,914,920	1,953,614
Grants and entitlements	4,175,191	4,011,860
Investment earnings	1,570	4,621
Gain on sale of capital assets	69,914	-
Miscellaneous	21,690	87,983
Total revenues	<u>8,566,311</u>	<u>9,200,733</u>

(continued)

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<b>Change in Net Assets (Continued)</b>	
	Governmental Activities 2012	Governmental Activities 2011
	<u>2012</u>	<u>2011</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 3,790,127	\$ 3,858,548
Special	1,048,269	912,513
Vocational	40,810	41,568
Other	64,810	55,305
Support services:		
Pupil	241,209	191,425
Instructional staff	424,130	395,287
Board of education	31,068	35,558
Administration	596,354	569,146
Fiscal	280,557	391,217
Business	39,961	50,202
Operations and maintenance	892,250	898,459
Pupil transportation	324,248	370,407
Central	5,408	12,524
Operations of non-instructional services:		
Food service operations	388,127	376,016
Other non-instructional services	12,358	66,448
Extracurricular activities	114,826	159,767
Intergovernmental	-	442,655
Interest and fiscal charges	<u>101,381</u>	<u>205,955</u>
Total expenses	<u>8,395,893</u>	<u>9,033,000</u>
Change in net assets	170,418	167,733
Net assets at beginning of year	<u>15,903,221</u>	<u>15,735,488</u>
Net assets at end of year	<u>\$ 16,073,639</u>	<u>\$ 15,903,221</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$170,418. Total governmental expenses of \$8,395,893 were offset by program revenues of \$2,383,026 and general revenues of \$6,183,285. Program revenues supported 28.38% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 71.09% of total governmental revenue.

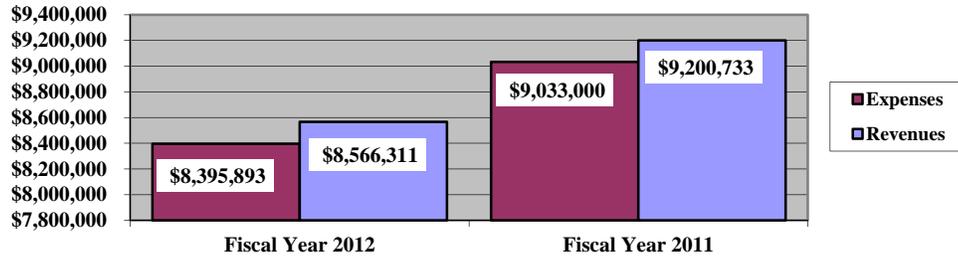
The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,944,016 or 58.89% of total governmental expenses for fiscal 2012.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

The graph below presents the governmental activities revenue and expenses for fiscal years 2012 and 2011.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
<b>Program expenses</b>				
Instruction:				
Regular	\$ 3,790,127	\$ 3,075,068	\$ 3,858,548	\$ 2,594,888
Special	1,048,269	(65,754)	912,513	(216,968)
Vocational	40,810	(14,706)	41,568	20,953
Other	64,810	64,810	55,305	55,305
Support services:				
Pupil	241,209	241,209	191,425	191,425
Instructional staff	424,130	409,466	395,287	375,951
Board of education	31,068	31,068	35,558	35,043
Administration	596,354	593,552	569,146	561,245
Fiscal	280,557	280,557	391,217	391,217
Business	39,961	39,961	50,202	45,708
Operations and maintenance	892,250	877,824	898,459	790,555
Pupil transportation	324,248	308,791	370,407	314,891
Central	5,408	5,408	12,524	12,018
Operations of non-instructional services:				
Food service operations	388,127	(10,805)	376,016	6,665
Other non-instructional services	12,358	12,000	66,448	(24,124)
Extracurricular activities	114,826	63,037	159,767	86,963
Intergovernmental	-	-	442,655	442,655
Interest and fiscal charges	101,381	101,381	205,955	205,955
<b>Total expenses</b>	<u>\$ 8,395,893</u>	<u>\$ 6,012,867</u>	<u>\$ 9,033,000</u>	<u>\$ 5,890,345</u>

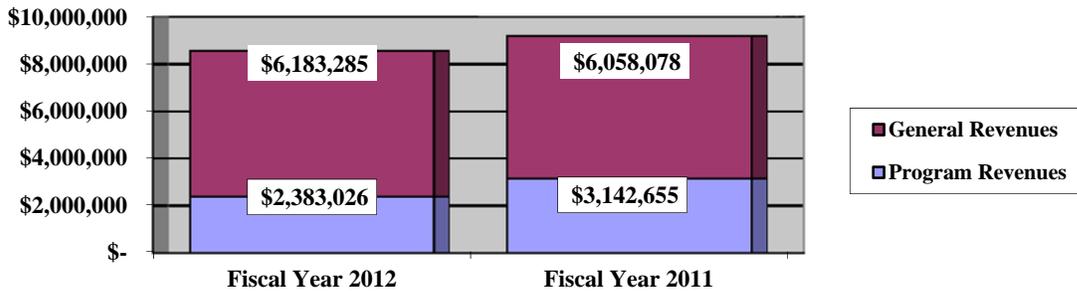
**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent; 61.88% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 71.62%.

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$1,588,713, which is higher than last year's total of \$1,071,409. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and 2011.

	Fund Balance June 30, 2012	Fund Balance June 30, 2011	Increase	Percentage Change
General	\$ 668,017	\$ 299,621	\$ 368,396	122.95 %
Debt Service	276,272	173,776	102,496	58.98 %
Other Governmental	<u>644,424</u>	<u>598,012</u>	<u>46,412</u>	7.76 %
Total	<u>\$ 1,588,713</u>	<u>\$ 1,071,409</u>	<u>\$ 517,304</u>	48.28 %

An analysis of the general fund revenues and expenditures is provided in the section below.

**General Fund**

The District's general fund balance increased \$368,396. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	2012 <u>Amount</u>	2011 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 1,534,349	\$ 1,501,940	\$ 32,409	2.16 %
Tuition	576,568	463,236	113,332	24.47 %
Earnings on investments	1,404	1,864	(460)	(24.68) %
Intergovernmental	4,700,580	4,557,156	143,424	3.15 %
Other revenues	<u>30,878</u>	<u>86,884</u>	<u>(56,006)</u>	(64.46) %
Total	<u>\$ 6,843,779</u>	<u>\$ 6,611,080</u>	<u>\$ 232,699</u>	3.52 %
<b><u>Expenditures</u></b>				
Instruction	\$ 3,779,575	\$ 3,627,054	\$ 152,521	4.21 %
Support services	2,574,594	2,650,422	(75,828)	(2.86) %
Extracurricular activities	110,743	91,344	19,399	21.24 %
Debt service	<u>6,645</u>	<u>15,948</u>	<u>(9,303)</u>	(58.33) %
Total	<u>\$ 6,471,557</u>	<u>\$ 6,384,768</u>	<u>\$ 86,789</u>	1.36 %

Revenues increased slightly for the general fund. The most significant change in revenues was for tuition. Tuition revenues increased as the District once again saw an increase in open enrollment revenues. Overall, general fund expenditures remained steady, increasing only 1.36% compared to the prior year.

***Debt Service Fund***

The debt service fund is a major fund of the District and accounts for the accumulation of resources (primarily taxes revenue) for the payment of principal and interest on the District's bond obligations. The debt service fund had \$4,671,782 in revenues and other financing sources and \$4,569,286 in expenditures and other financing uses. During fiscal year 2012, the debt service fund's fund balance increased \$102,496 from \$173,776 to \$276,272.

***General Fund Budgeting Highlights***

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

Original budgeted revenues and other financing sources of \$6,221,300 were increased to \$7,121,300 in the final budget. Actual revenues and other financing sources for fiscal year 2012 were \$6,949,631. This represents a \$171,669, or 2.41%, decrease from final budgeted revenues. General fund original and final appropriations (appropriated expenditures including other financing uses) were \$6,802,317 and \$6,852,317, respectively. The actual budget basis expenditures for fiscal year 2012 totaled \$6,575,616, which is \$276,701, or 4.04%, less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2012, the District had \$18,298,548 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2012 balances compared to June 30, 2011:

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2012	2011
Land	\$ 819,583	\$ 823,169
Land improvements	229,277	200,386
Building and improvements	16,768,709	17,150,570
Furniture and equipment	366,259	343,845
Vehicles	114,720	105,472
Total	\$ 18,298,548	\$ 18,623,442

The overall decrease in capital assets of \$324,894 is due to depreciation expense of \$458,496 and disposals of \$3,586 exceeding capital outlays of \$137,188 in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2012, the District had \$4,111,340 in general obligation bonds outstanding. Of this total, \$245,000 is due within one year and \$3,866,340 is due in greater than one year. The following table summarizes the debt outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2012	2011
Capital lease obligations	\$ -	\$ 6,569
General obligation bonds	4,111,340	4,235,000
Total	\$ 4,111,340	\$ 4,241,569

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The vision of the District, in recognizing that it takes a community to raise a child, is to develop a collaboration with parents, school and community that will help students achieve their fullest potential. The Board of Education and Administration work diligently to provide the educational resources and personnel needed to provide excellent educational opportunities.

As funding from the State decreases, the District is committed to finding additional revenue sources and ways to reduce expenses. The District chose to take advantage of favorable current conditions in the bond market by refinancing its 2004 school improvement bonds. This bond refinancing will save the tax payers of the District approximately \$437,123 in gross debt service savings over the life of the old issue.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Cheryl Pritts, Treasurer/CFO, Bridgeport Exempted Village School District, 55781 National Road, Bridgeport, Ohio 43912.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 2,118,612
Cash with fiscal agent . . . . .	68,969
Receivables:	
Taxes . . . . .	2,321,714
Accounts. . . . .	1,600
Intergovernmental . . . . .	152,121
Prepayments . . . . .	3,078
Materials and supplies inventory. . . . .	4,768
Loans. . . . .	3
Unamortized bond issue costs . . . . .	102,767
Capital assets:	
Land . . . . .	819,583
Depreciable capital assets, net. . . . .	17,478,965
Capital assets, net . . . . .	<u>18,298,548</u>
 Total assets. . . . .	 <u>23,072,180</u>
 <b>Liabilities:</b>	
Accounts payable. . . . .	78,476
Accrued wages and benefits . . . . .	553,425
Pension obligation payable. . . . .	155,573
Intergovernmental payable . . . . .	52,560
Accrued interest payable . . . . .	8,575
Claims payable. . . . .	13,921
Unearned revenue . . . . .	1,555,767
Long-term liabilities:	
Due within one year. . . . .	303,722
Due in more than one year . . . . .	4,276,522
 Total liabilities . . . . .	 <u>6,998,541</u>
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	14,149,695
Restricted for:	
Capital projects . . . . .	347,246
Debt service. . . . .	348,784
Classroom facilities maintenance . . . . .	251,282
Locally funded programs . . . . .	5
State funded programs. . . . .	1,163
Federally funded programs . . . . .	59,469
Student activities . . . . .	14,896
Other purposes . . . . .	64,930
Unrestricted. . . . .	<u>836,169</u>
 Total net assets . . . . .	 <u>\$ 16,073,639</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

		<u>Program Revenues</u>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 3,790,127	\$ 579,363	\$ 135,696	\$ (3,075,068)
Special . . . . .	1,048,269	-	1,114,023	65,754
Vocational . . . . .	40,810	-	55,516	14,706
Other . . . . .	64,810	-	-	(64,810)
Support services:				
Pupil . . . . .	241,209	-	-	(241,209)
Instructional staff . . . . .	424,130	-	14,664	(409,466)
Board of education . . . . .	31,068	-	-	(31,068)
Administration . . . . .	596,354	-	2,802	(593,552)
Fiscal . . . . .	280,557	-	-	(280,557)
Business . . . . .	39,961	-	-	(39,961)
Operations and maintenance . . . . .	892,250	9,026	5,400	(877,824)
Pupil transportation . . . . .	324,248	-	15,457	(308,791)
Central . . . . .	5,408	-	-	(5,408)
Operation of non-instructional services:				
Food service operations . . . . .	388,127	106,046	292,886	10,805
Other non-instructional services . . . . .	12,358	-	358	(12,000)
Extracurricular activities . . . . .	114,826	51,789	-	(63,037)
Interest and fiscal charges . . . . .	101,381	-	-	(101,381)
Total governmental activities . . . . .	<u>\$ 8,395,893</u>	<u>\$ 746,224</u>	<u>\$ 1,636,802</u>	<u>(6,012,867)</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				1,542,847
Special revenue . . . . .				28,000
Debt service . . . . .				293,970
Capital projects . . . . .				50,103
Grants and entitlements not restricted				
to specific programs . . . . .				4,175,191
Investment earnings . . . . .				1,570
Gain on sale of capital assets . . . . .				69,914
Miscellaneous . . . . .				<u>21,690</u>
Total general revenues . . . . .				<u>6,183,285</u>
Change in net assets . . . . .				170,418
<b>Net assets at beginning of year . . . . .</b>				<u>15,903,221</u>
<b>Net assets at end of year . . . . .</b>				<u>\$ 16,073,639</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 1,167,024	\$ 233,211	\$ 718,377	\$ 2,118,612
Receivables:				
Taxes . . . . .	1,881,924	352,476	87,314	2,321,714
Accounts . . . . .	1,600	-	-	1,600
Intergovernmental . . . . .	6,588	-	145,533	152,121
Interfund receivable . . . . .	25,000	-	-	25,000
Loans . . . . .	3	-	-	3
Prepayments . . . . .	3,078	-	-	3,078
Materials and supplies inventory . . . . .	-	-	4,768	4,768
Due from other funds . . . . .	10,608	-	-	10,608
Total assets . . . . .	<u>\$ 3,095,825</u>	<u>\$ 585,687</u>	<u>\$ 955,992</u>	<u>\$ 4,637,504</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 72,305	\$ -	\$ 6,171	\$ 78,476
Accrued wages and benefits . . . . .	456,229	-	97,196	553,425
Compensated absences payable . . . . .	36,695	-	-	36,695
Pension obligation payable . . . . .	136,497	-	19,076	155,573
Intergovernmental payable . . . . .	48,637	-	3,923	52,560
Interfund payable . . . . .	-	-	25,000	25,000
Due to other funds . . . . .	-	-	10,608	10,608
Deferred revenue . . . . .	406,543	81,087	93,057	580,687
Unearned revenue . . . . .	1,270,902	228,328	56,537	1,555,767
Total liabilities . . . . .	<u>2,427,808</u>	<u>309,415</u>	<u>311,568</u>	<u>3,048,791</u>
<b>Fund Balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	-	-	4,768	4,768
Prepays . . . . .	3,078	-	-	3,078
Long-term loans . . . . .	25,003	-	-	25,003
Restricted:				
Debt service . . . . .	-	276,272	-	276,272
Capital improvements . . . . .	-	-	327,076	327,076
Classroom facilities maintenance . . . . .	-	-	251,282	251,282
Food service operations . . . . .	-	-	67,710	67,710
Non-public schools . . . . .	-	-	1,163	1,163
Public school preschool . . . . .	-	-	7	7
Other purposes . . . . .	-	-	1,060	1,060
Extracurricular . . . . .	-	-	14,896	14,896
Assigned:				
Student instruction . . . . .	57,385	-	-	57,385
Student and staff support . . . . .	34,982	-	-	34,982
Subsequent year appropriation . . . . .	391,082	-	-	391,082
Unassigned (deficit) . . . . .	156,487	-	(23,538)	132,949
Total fund balances . . . . .	<u>668,017</u>	<u>276,272</u>	<u>644,424</u>	<u>1,588,713</u>
Total liabilities and fund balances . . . . .	<u>\$ 3,095,825</u>	<u>\$ 585,687</u>	<u>\$ 955,992</u>	<u>\$ 4,637,504</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012

<b>Total governmental fund balances</b>		\$	1,588,713
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			18,298,548
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	501,212	
Intergovernmental receivable		79,475	
Total		580,687	580,687
Unamortized premium on bond issuance is not recognized in the funds.			(631,488)
Unamortized bond issuance costs are not recognized in the funds.			102,767
Unamortized amounts on refundings are not recognized in the funds.			489,862
On the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.			(8,575)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			55,048
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(290,583)	
Bonds payable		(4,111,340)	
Total		(4,401,923)	(4,401,923)
<b>Net assets of governmental activities</b>		\$	16,073,639

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,534,349	\$ 291,242	\$ 77,681	\$ 1,903,272
Tuition. . . . .	576,568	-	-	576,568
Transportation fees. . . . .	51	-	-	51
Charges for services . . . . .	-	-	106,046	106,046
Earnings on investments . . . . .	1,404	166	12	1,582
Extracurricular. . . . .	2,744	-	54,422	57,166
Other local revenues . . . . .	28,083	-	-	28,083
Intergovernmental - state . . . . .	4,690,075	52,811	182,539	4,925,425
Intergovernmental - federal . . . . .	10,505	-	1,023,406	1,033,911
Total revenues . . . . .	<u>6,843,779</u>	<u>344,219</u>	<u>1,444,106</u>	<u>8,632,104</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	3,162,122	-	358,162	3,520,284
Special . . . . .	506,245	-	519,410	1,025,655
Vocational . . . . .	51,167	-	-	51,167
Other . . . . .	60,041	-	-	60,041
Support services:				
Pupil . . . . .	233,648	-	-	233,648
Instructional staff . . . . .	399,840	-	14,880	414,720
Board of education . . . . .	29,096	-	-	29,096
Administration . . . . .	558,264	-	2,594	560,858
Fiscal . . . . .	267,548	8,678	2,174	278,400
Business. . . . .	45,649	-	-	45,649
Operations and maintenance . . . . .	727,324	-	133,068	860,392
Pupil transportation . . . . .	307,817	-	14,703	322,520
Central . . . . .	5,408	-	-	5,408
Operation of non-instructional services:				
Food service operations. . . . .	-	-	350,349	350,349
Other non-instructional services . . . . .	-	-	12,358	12,358
Extracurricular activities . . . . .	110,743	-	66,179	176,922
Facilities acquisition and construction. . . . .	-	-	1,143	1,143
Debt service:				
Principal retirement. . . . .	6,569	125,000	-	131,569
Interest and fiscal charges . . . . .	76	108,045	-	108,121
Bond issuance costs . . . . .	-	93,271	-	93,271
Total expenditures . . . . .	<u>6,471,557</u>	<u>334,994</u>	<u>1,475,020</u>	<u>8,281,571</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>372,222</u>	<u>9,225</u>	<u>(30,914)</u>	<u>350,533</u>
<b>Other financing sources (uses):</b>				
Premium on refunding bonds sold . . . . .	-	617,569	-	617,569
Sale of refunding bonds . . . . .	-	3,709,994	-	3,709,994
Sale/loss of assets . . . . .	-	-	73,500	73,500
Transfers in. . . . .	-	-	3,826	3,826
Transfers (out) . . . . .	(3,826)	-	-	(3,826)
Payment to refunding bond escrow agent. . . . .	-	(4,234,292)	-	(4,234,292)
Total other financing sources (uses) . . . . .	<u>(3,826)</u>	<u>93,271</u>	<u>77,326</u>	<u>166,771</u>
Net change in fund balances . . . . .	368,396	102,496	46,412	517,304
<b>Fund balances at beginning of year . . . . .</b>	<u>299,621</u>	<u>173,776</u>	<u>598,012</u>	<u>1,071,409</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 668,017</u>	<u>\$ 276,272</u>	<u>\$ 644,424</u>	<u>\$ 1,588,713</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<b>Net change in fund balances - total governmental funds</b>	\$	517,304
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital asset additions	\$ 137,188	
Current year depreciation	(458,496)	
Total		(321,308)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		
		(3,586)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	11,648	
Intergovernmental	(147,355)	
Total		(135,707)
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		131,569
The sale of bonds is recorded as other financing sources in the funds; however, in the statement of activities, it is not reported as other financing sources as it increases liabilities on the statement of net assets.		
		(3,709,994)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net assets.		
		4,234,292
Premiums on bonds and bond issuance costs related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. The following transactions occurred in the year:		
Premiums on bonds	(617,569)	
Bond issuance costs	93,271	
Total		(524,298)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	8,298	
Accreted interest on capital appreciation bonds	(1,346)	
Amortization of bond premium	6,483	
Amortization of bond issue costs	(4,602)	
Amortization of deferred charges	(2,093)	
Total		6,740
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
		56,615
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(81,209)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>170,418</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,374,574	\$ 1,569,957	\$ 1,569,957	\$ -
Tuition. . . . .	596,637	681,443	576,568	(104,875)
Transportation fees. . . . .	-	-	51	51
Earnings on investments . . . . .	-	-	1,404	1,404
Other local revenues . . . . .	-	-	25,602	25,602
Intergovernmental - state . . . . .	4,250,089	4,854,200	4,690,075	(164,125)
Intergovernmental - federal . . . . .	-	-	10,505	10,505
Total revenues . . . . .	<u>6,221,300</u>	<u>7,105,600</u>	<u>6,874,162</u>	<u>(231,438)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,314,103	3,338,701	3,210,521	128,180
Special. . . . .	501,391	505,091	482,914	22,177
Vocational. . . . .	97,087	97,675	76,755	20,920
Other. . . . .	61,459	61,918	59,862	2,056
Support services:				
Pupil. . . . .	258,355	260,244	246,499	13,745
Instructional staff . . . . .	425,741	428,903	412,748	16,155
Board of education . . . . .	45,812	46,033	28,880	17,153
Administration. . . . .	584,159	588,460	561,305	27,155
Fiscal . . . . .	282,485	284,572	272,378	12,194
Operations and maintenance. . . . .	789,152	794,845	743,106	51,739
Pupil transportation . . . . .	327,773	330,218	319,164	11,054
Central. . . . .	2,948	2,970	2,871	99
Extracurricular activities. . . . .	111,852	112,687	108,946	3,741
Total expenditures . . . . .	<u>6,802,317</u>	<u>6,852,317</u>	<u>6,525,949</u>	<u>326,368</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(581,017)</u>	<u>253,283</u>	<u>348,213</u>	<u>94,930</u>
<b>Other financing sources (uses):</b>				
Transfers (out). . . . .	-	-	(49,667)	(49,667)
Advances in. . . . .	-	15,700	15,700	-
Insurance recoveries . . . . .	-	-	59,769	59,769
Total other financing sources (uses) . . . . .	<u>-</u>	<u>15,700</u>	<u>25,802</u>	<u>10,102</u>
Net change in fund balance . . . . .	(581,017)	268,983	374,015	105,032
<b>Fund balance at beginning of year . . . . .</b>	651,741	651,741	651,741	-
<b>Prior year encumbrances appropriated . . . . .</b>	102,317	102,317	102,317	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 173,041</u>	<u>\$ 1,023,041</u>	<u>\$ 1,128,073</u>	<u>\$ 105,032</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012

	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets:</b>	
Current assets:	
Cash with fiscal agent . . . . .	\$ 68,969
Total assets. . . . .	<u>68,969</u>
<b>Liabilities:</b>	
Current liabilities:	
Claims payable . . . . .	<u>13,921</u>
Total liabilities . . . . .	<u>13,921</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>55,048</u>
Total net assets . . . . .	<u>\$ 55,048</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating revenues:</b>	
Charges for services. . . . .	\$ 248,774
Total operating revenues . . . . .	<u>248,774</u>
 <b>Operating expenses:</b>	
Purchased services. . . . .	6,952
Claims . . . . .	323,031
Total operating expenses. . . . .	<u>329,983</u>
 Operating loss and change in net assets . . . . .	 (81,209)
 <b>Net assets at beginning of year . . . . .</b>	 <u>136,257</u>
<b>Net assets at end of year. . . . .</b>	<u><u>\$ 55,048</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 248,774
Cash payments for purchased services . . . . .	(6,952)
Cash payments for claims. . . . .	(325,880)
	(84,058)
Net cash used in operating activities, and net decrease in cash and cash equivalents. . . . .	(84,058)
<b>Cash and cash equivalents at beginning of year. . . . .</b>	<b>153,027</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 68,969</b>
	(84,058)
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (81,209)
Changes in assets and liabilities:	
Decrease in claims payable . . . . .	(2,849)
	(84,058)
Net cash used in operating activities . . . . .	\$ (84,058)
	(84,058)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 318,072	\$ 30,226
Receivables:		
Accrued interest. . . . .	1,708	-
Total assets. . . . .	319,780	\$ 30,226
<b>Liabilities:</b>		
Accounts payable. . . . .	500	\$ 839
Loans. . . . .	-	3
Due to students. . . . .	-	29,384
Total liabilities . . . . .	500	\$ 30,226
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	319,280	
Total net assets . . . . .	\$ 319,280	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 20,643
Gifts and contributions. . . . .	14,905
	35,548
Total additions. . . . .	35,548
<b>Deductions:</b>	
Scholarships awarded . . . . .	19,577
	15,971
Change in net assets . . . . .	15,971
<b>Net assets at beginning of year . . . . .</b>	<b>303,309</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 319,280</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District was established in 1856 through the consolidation of existing land areas and school districts. The District is staffed by 10 administrative, 35 non-certified employees and 59 certified full-time teaching personnel who provide services to 761 students and other community members.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Belmont Harrison Career Center (Career Center)

The Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Career Center's Board of Education is comprised of representatives from the Board of Education of each participating school district. The Career Center's Board of Education is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. The District's students may attend the Career Center. Each participating school district's control is limited to its representation on the Career Center's Board of Education.

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a computer service organization whose primary function is to provide information technology services to its member districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records, and test scoring.

OME-RESA is one of 23 regional service organizations serving over 600 public districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

OME-RESA is owned and operated by 47 member districts in 10 different Ohio counties. The member districts are comprised of public districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors.

OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the “Coalition”) is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service training for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Coalition. The District’s membership fee was \$325 for fiscal year 2012.

Educational Regional Service System Region 12

The District participates in the Educational Regional Service System Region 12 (the “ERSS”), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas counties. The purpose of ERSS is to provide support services to school districts, community schools and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an Advisory Council, which is the policymaking body for the educational entities within the region, who identifies regional need and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region’s largest and smallest school district, the director and an employee from each education technology center and one representative of a four-year institution of higher education who is appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education who is appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village and local school district within the region) and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council.

*PUBLIC ENTITY RISK POOL*

Ohio Association of School Business Officials Workers’ Compensation Group Rating Program

The District participates in a group rating program for worker’s compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers’ Compensation Group Rating Program (the “Program”) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program. Refer to Note 13.B. for further information on this group rating program.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

*GOVERNMENTAL FUNDS*

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

The following are the District's major governmental funds:

*General fund* -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Debt service fund* - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*PROPRIETARY FUND*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

*Internal service fund* - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides dental, vision, prescription and life insurance benefits to employees.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for internal service funds include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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

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

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Unearned Revenue and Deferred Revenue* - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2012, have also been reported as deferred revenue.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental 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 governmental funds.

**E. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

**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 purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*ESTIMATED RESOURCES*

By 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. By July 1, the 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 of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during fiscal year 2012.

*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 must be legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriation resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the 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.

Any revisions that alter the total of any fund appropriation for all funds must be approved by the Board of Education.

The Board of Education 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. Supplemental appropriations were legally enacted by the Board during fiscal year 2012.

The budget figures which appear in the statement of budgetary comparisons represent the original and final appropriation amounts that were approved by the Board prior to June 30, 2012. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

*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 budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*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.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2012, investments were limited to negotiable and non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit are reported at cost. Negotiable certificates of deposit are reported at fair market value.

The District has invested funds in STAR Ohio during fiscal year 2012. 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 shares price which is the price the investment could be sold for on June 30, 2012.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, the auxiliary services special revenue fund, and the private-purpose trust funds. The food service fund receives interest earnings based upon Federal mandate and the self-insurance internal service fund receives interest earnings as the amount is held by a fiscal agent in an interest bearing account separate from the District's internal investment pool. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$1,404, which includes \$394 assigned from other District funds.

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

An analysis of the District's investment account at year end is provided in Note 4.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	25 years
Buildings and improvements	20 - 50 years
Furniture and equipment	8 - 50 years
Vehicles	10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "interfund receivable/payable". Receivables and payables resulting from short-term interfund loans to cover fund cash deficits are classified as "due to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net assets.

Interfund loans between governmental funds and fiduciary funds are classified as "loans receivable/payable." These amounts are presented on the statement of net assets.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

**L. Unamortized Bond Issuance Costs, Bond Premium and Deferred Charges on Refunding**

On the government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt. On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

**M. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

**N. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the employee self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

**O. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted for food service operations.

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

**P. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**Q. Estimates**

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

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Interfund Activity**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Education jobs	\$ 2,390
IDEA - Part B	13,661
Title I	7,207
Improving teacher quality	280

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash With Fiscal Agent**

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2012, was \$68,969.

**B. Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of all District deposits was \$1,846,076. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$1,450,835 of the District's bank balance of \$1,932,469 was exposed to custodial risk as discussed below, while \$481,634 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2012, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>
		<u>6 months or less</u>
STAR Ohio	\$ 620,834	\$ 620,834
Total	<u>\$ 620,834</u>	<u>\$ 620,834</u>

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 620,834	100.00
Total	<u>\$ 620,834</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,846,076
Investments	620,834
Cash with fiscal agent	<u>68,969</u>
Total	<u>\$ 2,535,879</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,187,581
Private-purpose trust funds	318,072
Agency funds	<u>30,226</u>
Total	<u>\$ 2,535,879</u>

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 25,000

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. The interfund balances are not expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B.** Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 10,608

The primary purpose of the due to/from other funds is to cover negative cash in various nonmajor governmental funds. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- C.** Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 3,826

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

- D.** Loans between governmental funds and fiduciary funds are reported as a “loans receivable/payable” on the financial statements. The District had a \$3 loan outstanding at fiscal year-end, due from the District’s agency fund to the general fund. This loan is not expected to be repaid in the subsequent year.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or 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. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Belmont County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$211,067 in the general fund, \$43,061 in the debt service fund and \$10,607 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$246,675 in the general fund, \$49,846 in the debt service fund and \$12,420 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 66,503,510	94.07	\$ 66,640,680	93.87
Public utility personal	<u>4,190,610</u>	<u>5.93</u>	<u>4,349,630</u>	<u>6.13</u>
Total	<u>\$ 70,694,120</u>	<u>100.00</u>	<u>\$ 70,990,310</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 46.30		\$ 46.30	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2012 consisted of taxes, accounts (proceeds from auction sales) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

**Governmental activities:**

Taxes	\$ 2,321,714
Accounts	1,600
Intergovernmental	<u>152,121</u>
Total	<u>\$ 2,475,435</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>06/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/12</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 823,169	\$ -	\$ (3,586)	\$ 819,583
Total capital assets, not being depreciated	<u>823,169</u>	<u>-</u>	<u>(3,586)</u>	<u>819,583</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	372,514	44,022	-	416,536
Buildings and improvements	18,965,378	-	-	18,965,378
Furniture and equipment	507,557	58,727	-	566,284
Vehicles	565,853	34,439	-	600,292
Total capital assets, being depreciated	<u>20,411,302</u>	<u>137,188</u>	<u>-</u>	<u>20,548,490</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(172,128)	(15,131)	-	(187,259)
Buildings and improvements	(1,814,808)	(381,861)	-	(2,196,669)
Furniture and equipment	(163,712)	(36,313)	-	(200,025)
Vehicles	(460,381)	(25,191)	-	(485,572)
Total accumulated depreciation	<u>(2,611,029)</u>	<u>(458,496)</u>	<u>-</u>	<u>(3,069,525)</u>
Governmental activities capital assets, net	<u>\$ 18,623,442</u>	<u>\$ (321,308)</u>	<u>\$ (3,586)</u>	<u>\$ 18,298,548</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 293,944
Special	23,843
Vocational	4,051
Other	4,769
<u>Support services:</u>	
Pupil	4,769
Board of education	1,936
Administration	16,304
Fiscal	1,937
Operations and maintenance	43,640
Pupil transportation	27,361
Food service operations	31,806
Extracurricular activities	4,136
Total depreciation expense	<u>\$ 458,496</u>

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

The District has entered into capitalized leases for copier equipment. These lease agreements meet the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$110,900. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2012 was \$60,949, leaving a current book value of \$49,951. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2012 totaled \$6,569 paid by the general fund.

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During fiscal year 2012, the following activity occurred in governmental activities long-term obligations:

	Balance			Balance	Amount
	06/30/11	Additions	Reductions	06/30/12	Due in
					One Year
<b>Governmental activities:</b>					
Compensated absences payable	\$ 367,887	\$ 57,056	\$ (97,665)	\$ 327,278	\$ 58,722
General obligation bonds payable, Series 2004 Issue	4,235,000	-	(3,835,000)	400,000	130,000
Series 2012 Issue:					
Current interest bonds	-	3,550,000	-	3,550,000	115,000
Capital appreciation bonds	-	159,994	-	159,994	-
Accreted interest	-	1,346	-	1,346	-
Capital lease obligation	<u>6,569</u>	<u>-</u>	<u>(6,569)</u>	<u>-</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 4,609,456</u>	<u>\$ 3,768,396</u>	<u>\$ (3,939,234)</u>	4,438,618	<u>\$ 303,722</u>
Add: Unamortized premium on bonds				631,488	
Less: deferred charges on refunding				<u>(489,862)</u>	
Total on statement of net assets				<u>\$ 4,580,244</u>	

*Compensated absences:* Compensated absences will be paid from the fund from which the employees' salaries are paid, which primarily consist of the general fund and the food service and IDEA part B nonmajor governmental funds.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

- B.** On November 9, 2004 the District issued general obligation bonds to provide funds for constructing and improving school facilities. A portion of this bond issue was refunded in fiscal year 2012 (see Note 10.C.). These bonds are general obligations of the District for which full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations are accounted for on the statement of net assets. Payments of principal and interest relating to this bond are recorded as an expenditure of the debt service fund. The source of payment is derived from a current 5.67 mil bonded tax levy for the construction project.
- C.** On May 24, 2012 the District issued general obligation bonds to advance refund a portion of the Series 2004 bond issue. These bonds are general obligations of the District for which full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations are accounted for on the statement of net assets. Payments of principal and interest relating to this bond are recorded as an expenditure of the debt service fund. The source of payment is derived from a current 5.67 mil bonded tax levy for the construction project.

This issue is comprised of current interest bonds, present value \$3,550,000 at June 30, 2012, and capital appreciation bonds, par value \$159,994. The capital appreciation bonds mature each December 1, 2015 through 2018, (stated interest rate of approximately 38.422%) at a redemption price equal to 100% of the principal, plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$865,000. Total accreted interest of \$1,346 has been included on the statement of net assets at June 30, 2012.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity date stated in the issue is December 1, 2031.

The reacquisition price exceeded the net carrying amount of the old debt by \$491,955. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the life of the debt by \$437,123 and resulted in an economic gain of \$341,581.

- D.** The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

Fiscal Year Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 245,000	\$ 59,939	\$ 304,939	\$ -	\$ -	\$ -
2014	210,000	97,520	307,520	-	-	-
2015	210,000	92,214	302,214	-	-	-
2016	-	86,364	86,364	62,410	152,590	215,000
2017	-	86,364	86,364	44,937	175,063	220,000
2018 - 2022	675,000	418,519	1,093,519	52,647	377,353	430,000
2023 - 2027	1,215,000	306,160	1,521,160	-	-	-
2028 - 2032	1,395,000	129,885	1,524,885	-	-	-
<b>Total</b>	<b>\$ 3,950,000</b>	<b>\$ 1,276,965</b>	<b>\$ 5,226,965</b>	<b>\$ 159,994</b>	<b>\$ 705,006</b>	<b>\$ 865,000</b>

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

- E.** The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$2,555,406 (including available funds of \$276,272) and an unvoted debt margin of \$70,990.

**NOTE 11 - NOTES PAYABLE**

The District issued school improvement notes on July 8, 2010 in the amount of \$95,000. The notes were reported as a fund liability of the debt service fund and matured on July 7, 2011.

**NOTE 12 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 5 to 15 days of vacation per year, depending upon length of service. The high school principal, director of maintenance and superintendent earn 20 days of vacation per year and the treasurer earns 20 days of vacation per year. Vacation days are to be used each year. Classified employees can not carry over days. Administrative staff can carry over a maximum of 10 days. Accumulated, unused vacation time is paid to administrators upon termination of employment. Teachers and the elementary principals 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 fifteen days per year for all personnel. The total lifetime maximum sick leave accumulation for certified and classified employees is 300 days and 285 days, respectively. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 69 days for certified employees and 60 days for classified employees. In addition, upon retirement, a certified employee is entitled to receive an additional severance payment of \$5.00 per day for 75% of the accrued but unused sick leave days not calculated in the severance payment. Classified employees are entitled to receive an additional payment of \$5.00 per day for the entire balance of the accrued but unused sick leave days not calculated in the severance payment.

**NOTE 13 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the District contracted with Ohio Casualty Insurance for general liability, property, and fleet insurance. Liability coverage is limited to \$1,000,000 per claim and \$2,000,000 in the aggregate. Property insurance carries a limitation of \$22,503,501 in the aggregate with a \$1,000 deductible.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 13 - RISK MANAGEMENT - (Continued)**

The Perkins athletic facility is exposed to flood risk. During fiscal year 2012, the District contracted with Selective Insurance Company of Southeast for flood insurance. The field house limitation on this insurance was \$187,200 for building damage and \$17,700 for contents damage with a \$1,000 deductible for both. The concession stand building and its contents are also covered under a separate policy with limitations of \$23,700 for building and \$2,800 for contents damage with a \$1,000 deductible. The fieldhouse and its contents are also covered under a separate policy with limitations of \$19,400 for building and \$13,200 for content damage with a \$1,000 deductible. The grandstand and its contents are also covered under a separate policy with limitations of \$187,200 for building and \$17,700 for content damage with a \$1,000 deductible.

Vehicles are covered by Ohio Casualty Insurance and hold a \$500 deductible for collision and a \$250 deductible for comprehensive. Automobile liability coverage has a \$1,000,000 per accident for bodily injury and a \$5,000 limit for medical payments.

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

**B. Workers' Compensation**

The District participates in the Ohio Association of School Business Official Workers' Compensation Group Rating Program (the "Program"), an insurance purchasing pool (Note 2.A.). The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. Participants in the Program are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for the Program tier rather than its individual rate. Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the Program.

**C. Medical and Ancillary Insurance**

The District contracts with The Health Plan for hospitalization insurance for all employees. The District pays up to \$1,005 of the total monthly premiums for family and ancillary coverage and up to \$500 for individual and ancillary coverage for all certified and classified employees.

**D. Dental, Vision and Life Insurance**

Dental, vision, prescription and life insurance are offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of several school districts within the Eastern Region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$13,921 reported in the internal service fund at June 30, 2012, is based on an estimate provided by Self Funded Plans, Inc. (the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 13 - RISK MANAGEMENT - (Continued)**

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims</u>	<u>Payments</u>	<u>Ending Balance</u>
2012	\$ 16,770	\$ 323,031	\$ (325,880)	\$ 13,921
2011	23,492	345,095	(351,817)	16,770

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$118,724, \$107,711 and \$112,992, respectively; 53.58 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 14 - PENSION PLANS - (Continued)**

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

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$426,252, \$432,837 and \$423,632, respectively; 84.22 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$15,738 made by the District and \$11,241 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$19,486, \$27,366 and \$16,879, respectively; 53.58 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$7,011, \$6,931 and \$6,719, respectively; 53.58 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$32,789, \$33,295 and \$32,587, respectively; 84.22 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 374,015
Net adjustment for revenue accruals	(34,008)
Net adjustment for expenditure accruals	12,557
Net adjustment for other sources/uses	(25,802)
Funds budgeted elsewhere	(1,161)
Adjustment for encumbrances	42,795
GAAP basis	<u>\$ 368,396</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund and management information system fund.

**NOTE 17 - CONTINGENCIES**

**A. Statewide Review of Student Attendance Data and Grants**

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The 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. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 18 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 18 - SET-ASIDES - (Continued)**

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	131,123
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(73,661)
Excess qualified expenditures from prior years	-
Current year offsets	(140,342)
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (82,880)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

During fiscal year 2005, the District issued \$4,907,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$4,907,000 at June 30, 2012.

**NOTE 19 - COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

	Year-End
<u>Fund Type</u>	<u>Encumbrances</u>
General fund	\$ 86,776
Other governmental	<u>82,333</u>
Total	<u>\$ 169,109</u>

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**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR/ Pass-Through Grantor Program Title</b>	<b>Pass-through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed-Through Ohio Department of Education.</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program - Food Donation	N/A	10.555	\$666	\$666
Cash Assistance:				
School Breakfast Program	045237-05PU-12	10.553	75,871	75,871
National School Lunch Program	045237-LLP4-12	10.555	192,427	192,427
Cash Assistance Subtotal			<u>268,298</u>	<u>268,298</u>
Total U.S. Department of Agriculture/Child Nutrition Cluster			268,964	268,964
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed-Through Ohio Department of Education.</i>				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	045237-C1S1-11	84.010	40,129	46,730
	045237-C1S1-12		269,282	270,800
Title I Grants to Local Educational Agencies Subtotal			<u>309,411</u>	<u>317,530</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	045237-11	84.389	(91)	
	045237-12		91	91
ARRA - Title I Grants to Local Educational Agencies Subtotal			<u>0</u>	<u>91</u>
Total Title I, Part A Cluster			309,411	317,621
Special Education, Grants to States (IDEA, Part B)	045237-6BSF-11	84.027	40,339	63,812
	045237-6BSF-12		160,213	162,880
Total Special Education, Grants to States (IDEA, Part B)			<u>200,552</u>	<u>226,692</u>
Safe and Drug-Free Schools and Communities, State Grants	045237-DRS1-11	84.186		262
Education Technology State Grants	045237-TJS1-12	84.318	2,099	2,099
Improving Teacher Quality State Grants	045237-TRS1-11	84.367	114	3,759
	045237-TRS1-12		22,533	24,108
Total Improving Teacher Quality State Grants			<u>22,647</u>	<u>27,867</u>
Education Jobs Fund	045237-11	84.410	41,312	41,312
	045237-12		194,587	194,587
Total Education Jobs Fund			<u>235,899</u>	<u>235,899</u>
Total U.S. Department of Education			<u>770,608</u>	<u>810,440</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$1,039,572</u></b>	<b><u>\$1,079,404</u></b>

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

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C - FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Bridgeport Exempted Village School District  
Belmont County  
55781 National Road  
Bridgeport, Ohio 43912

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeport Exempted Village School District, Belmont County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

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

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 17, 2013.

We intend this report solely for the information and use of management, the audit committee, Board of Education, federal awarding agencies, pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

January 17, 2013



# Dave Yost • Auditor of State

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

Bridgeport Exempted Village School District  
Belmont County  
55781 National Road  
Bridgeport, Ohio 43912

To the Board of Education:

### Compliance

We have audited the compliance of the Bridgeport Exempted Village School District, Belmont County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2012. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 17, 2013.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

January 17, 2013

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2012**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster – CFDA #10.553 and #10.555  Title I, Part A Cluster – CFDA #84.010 and #84.389  Education Jobs Fund – CFDA #84.410
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2012  
(Continued)**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	34 C.F.R. 80.20(b)(7) regarding cash management requirements for the SFSE grant.	N/A	Finding No Longer Valid-Grant Expired.

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# Dave Yost • Auditor of State

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT**

**BELMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 7, 2013**