



**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups - As of June 30, 2001	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds - For the Fiscal Year Ended June 30, 2001	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds - For the Fiscal Year Ended June 30, 2001	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings /Fund Balance - Proprietary Fund Type and Nonexpendable Trust Fund - For the Fiscal Year Ended June 30, 2001	10
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Nonexpendable Trust Fund - For the Fiscal Year Ended June 30, 2001	11
Combined Statement of Cash Flows - Proprietary Fund Type and Nonexpendable Trust Fund - For the Fiscal Year Ended June 30, 2001	12
Notes to the Financial Statements	13
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	41
Schedule of Prior Audit Finding	43

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Bradford Exempted Village School District, Miami County, (the District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Bradford Exempted Village School District, Miami County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

During the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

December 12, 2001

This page intentionally left blank.

This page intentionally left blank.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNTS GROUPS
JUNE 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$877,986	\$205,906	\$63,669	\$4,062,543
Cash and Cash Equivalents with Fiscal Agents		2,360		
Receivables:				
Property and Other Taxes	556,089		101,685	13,506
Income Taxes	317,992			
Accounts	2,067			
Intergovernmental	83,912	56,072		
Accrued Interest	2,649			
Interfund	24,500			
Prepaid Items	14,758			
Inventory of Supplies and Materials				
Inventory Held for Resale				
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	53,614			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations				
Amount to be Provided for Retirement of General Long-Term Obligations				
Total Assets and Other Debits	<u>1,933,567</u>	<u>264,338</u>	<u>165,354</u>	<u>4,076,049</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	14,965			1,650
Contracts Payable				423,920
Retainage Payable				375,971
Accrued Wages and Benefits Payable	283,537	12,093		
Intergovernmental Payable	73,110	2,701		
Interfund Payable		10,000		
Due To Students				
Deferred Revenue	590,582	56,072	91,374	12,149
Compensated Absences Payable	6,362			
Accrued Interest Payable	371			
Energy Conservation Loan Payable	27,500			
General Obligation Bonds Payable				
Total Liabilities	<u>996,427</u>	<u>80,866</u>	<u>91,374</u>	<u>813,690</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	154,087	10,908		2,068,400
Reserved for Property Taxes	53,169		10,311	1,357
Reserved for Budget Stabilization	30,009			
Reserved for Textbooks and Instructional Materials	13,605			
Reserved for Bus Purchases	10,000			
Reserved for Donations for Endowments				
Unreserved:				
Unreserved, Undesignated	676,270	172,564	63,669	1,192,602
Total Fund Equity and Other Credits	<u>937,140</u>	<u>183,472</u>	<u>73,980</u>	<u>3,262,359</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$1,933,567</u>	<u>\$264,338</u>	<u>\$165,354</u>	<u>\$4,076,049</u>

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$42,127	\$54,554			\$5,306,785 2,360
				671,280
				317,992
4,770				6,837
				139,984
				2,649
				24,500
				14,758
479				479
3,403				3,403
				53,614
46,673		\$14,502,185		14,548,858
			\$73,980	73,980
			1,780,017	1,780,017
<u>97,452</u>	<u>54,554</u>	<u>14,502,185</u>	<u>1,853,997</u>	<u>22,947,496</u>
53	350			\$17,018
				423,920
				375,971
13,067				308,697
6,716			32,699	115,226
14,500				24,500
	30,384			30,384
2,294				752,471
24,849			395,265	426,476
				371
				27,500
			1,426,033	1,426,033
<u>61,479</u>	<u>30,734</u>		<u>1,853,997</u>	<u>3,928,567</u>
		14,502,185		14,502,185
22,284				22,284
13,689				13,689
	5,000			2,238,395
				64,837
				30,009
				13,605
				10,000
	1,500			1,500
	17,320			2,122,425
<u>35,973</u>	<u>23,820</u>	<u>14,502,185</u>		<u>19,018,929</u>
<u>\$97,452</u>	<u>\$54,554</u>	<u>\$14,502,185</u>	<u>\$1,853,997</u>	<u>\$22,947,496</u>

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Property and Other Taxes	\$600,270		\$111,281	\$14,778		\$726,329
Income Taxes	784,337					784,337
Tuition and Fees	180,148					180,148
Interest	91,301		7,503	321,161	\$587	420,552
Intergovernmental	2,458,811	\$305,026	14,399	8,550,717		11,328,953
Gifts and Donations	3,200	13,045			2,500	18,745
Extracurricular Activities		45,438				45,438
Miscellaneous	11,800					11,800
Total Revenues	<u>4,129,867</u>	<u>363,509</u>	<u>133,183</u>	<u>8,886,656</u>	<u>3,087</u>	<u>13,516,302</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,731,102	24,517		53,448	1,300	1,810,367
Special	374,735	163,038				537,773
Support Services:						
Pupils	163,093	57,201				220,294
Instructional Staff	188,728	19,555				208,283
Board of Education	79,804					79,804
Administration	398,426	4,970				403,396
Fiscal	159,156		2,293	301		161,750
Operation and Maintenance of Plant	251,947					251,947
Pupil Transportation	295,297					295,297
Central	91,416			12,179		103,595
Extracurricular Activities	122,712	32,236				154,948
Capital Outlay	406			10,342,870		10,343,276
Debt Service:						
Principal Retirement			45,000			45,000
Interest and Fiscal Charges	2,586		80,178			82,764
Total Expenditures	<u>3,859,408</u>	<u>301,517</u>	<u>127,471</u>	<u>10,408,798</u>	<u>1,300</u>	<u>14,698,494</u>
Excess of Revenues Over (Under) Expenditures	<u>270,459</u>	<u>61,992</u>	<u>5,712</u>	<u>(1,522,142)</u>	<u>1,787</u>	<u>(1,182,192)</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	300					300
Operating Transfers - In	42,305					42,305
Operating Transfers - Out				(42,305)		(42,305)
Total Other Financing Sources (Uses)	<u>42,605</u>			<u>(42,305)</u>		<u>300</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	313,064	61,992	5,712	(1,564,447)	1,787	(1,181,892)
Fund Balances at Beginning of Year (Restated Note - 3)	624,076	121,480	68,268	4,826,806	12,452	5,653,082
Fund Balances at End of Year	<u>\$937,140</u>	<u>\$183,472</u>	<u>\$73,980</u>	<u>\$3,262,359</u>	<u>\$14,239</u>	<u>\$4,471,190</u>

See Accompanying Notes to the General Purpose Financial Statements.

This page intentionally left blank.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$632,369	\$603,321	(\$29,048)			
Income Taxes	790,000	789,727	(273)			
Tuition and Fees	209,837	208,066	(1,771)			
Interest	85,000	81,723	(3,277)			
Intergovernmental	2,452,000	2,458,810	6,810	\$428,090	\$376,431	(\$51,659)
Gifts and Donations	3,800	3,200	(600)	24,407	13,045	(11,362)
Extracurricular Activities				55,400	45,438	(9,962)
Miscellaneous	17,463	8,848	(8,615)			
Total Revenues	<u>4,190,469</u>	<u>4,153,695</u>	<u>(36,774)</u>	<u>507,897</u>	<u>434,914</u>	<u>(72,983)</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,759,628	1,746,370	13,258	73,488	26,834	46,654
Special	397,226	381,345	15,881	230,113	172,467	57,646
Support Services:						
Pupils	167,449	166,459	990	70,676	59,202	11,474
Instructional Staff	193,195	190,610	2,585	50,517	16,688	33,829
Board of Education	91,085	89,086	1,999			
Administration	414,200	411,337	2,863	6,770	4,970	1,800
Fiscal	164,535	162,667	1,868			
Operation and Maintenance of Plant	251,935	246,662	5,273			
Pupil Transportation	431,000	341,094	89,906			
Central	90,547	90,521	26			
Extracurricular Activities	123,294	122,091	1,203	56,339	37,286	19,053
Capital Outlay	116,906	99,906	17,000			
Debt Service:						
Principal Retirement	27,500	27,500				
Interest and Fiscal Charges	2,958	2,958				
Total Expenditures	<u>4,231,458</u>	<u>4,078,606</u>	<u>152,852</u>	<u>487,903</u>	<u>317,447</u>	<u>170,456</u>
Excess of Revenues Over (Under) Expenditures	<u>(40,989)</u>	<u>75,089</u>	<u>116,078</u>	<u>19,994</u>	<u>117,467</u>	<u>97,473</u>
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	46,000	45,425	(575)			
Refund of Prior Year Receipts	(100)		100	(690)	(690)	
Proceeds from Sale of Fixed Assets	500	300	(200)			
Advances - In	15,000	13,000	(2,000)	14,000	10,000	(4,000)
Advances - Out	(30,000)	(27,000)	3,000	(8,000)	(8,000)	
Operating Transfers - In	55,000	42,305	(12,695)			
Operating Transfers - Out	(10,000)	0	10,000			
Total Other Financing Sources (Uses)	<u>76,400</u>	<u>74,030</u>	<u>(2,370)</u>	<u>5,310</u>	<u>1,310</u>	<u>(4,000)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	35,411	149,119	113,708	25,304	118,777	93,473
Fund Balances at Beginning of Year	420,597	420,597		61,986	61,986	
Prior Year Encumbrances Appropriated	195,545	195,545		14,114	14,114	
Fund Balances at End of Year	<u>\$651,553</u>	<u>\$765,261</u>	<u>\$113,708</u>	<u>\$101,404</u>	<u>\$194,877</u>	<u>\$93,473</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$112,409	\$111,638	(\$771)	\$15,090	\$14,847	(\$243)			
7,503	7,503		309,000	307,674	(1,326)	\$650	\$551	(\$99)
15,511	14,399	(1,112)	12,771,574	8,591,374	(4,180,200)			
						2,500	2,500	
<u>135,423</u>	<u>133,540</u>	<u>(1,883)</u>	<u>13,095,664</u>	<u>8,913,895</u>	<u>(4,181,769)</u>	<u>3,150</u>	<u>3,051</u>	<u>(99)</u>
			60,421	58,245	2,176	8,300	6,300	2,000
			10,000		10,000			
100		100	50		50			
6,000	2,293	3,707	500	301	199			
			2,000		2,000			
			20,456	13,713	6,743			
			15,901,047	12,332,985	3,568,062			
45,000	45,000							
81,000	80,178	822						
<u>132,100</u>	<u>127,471</u>	<u>4,629</u>	<u>15,994,474</u>	<u>12,405,244</u>	<u>3,589,230</u>	<u>8,300</u>	<u>6,300</u>	<u>2,000</u>
<u>3,323</u>	<u>6,069</u>	<u>2,746</u>	<u>(2,898,810)</u>	<u>(3,491,349)</u>	<u>(592,539)</u>	<u>(5,150)</u>	<u>(3,249)</u>	<u>1,901</u>
			20,000		(20,000)			
			<u>(42,305)</u>	<u>(42,305)</u>				
			<u>(22,305)</u>	<u>(42,305)</u>	<u>(20,000)</u>			
3,323	6,069	2,746	(2,921,115)	(3,533,654)	(612,539)	(5,150)	(3,249)	1,901
57,600	57,600		2,321,342	2,321,342		9,652	9,652	
0			2,767,398	2,767,398		2,800	2,800	
<u>\$60,923</u>	<u>\$63,669</u>	<u>\$2,746</u>	<u>\$2,167,625</u>	<u>\$1,555,086</u>	<u>(\$612,539)</u>	<u>\$7,302</u>	<u>\$9,203</u>	<u>\$1,901</u>

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Tuition	\$19,684		\$19,684
Sales	126,198		126,198
Interest		\$546	546
Total Operating Revenues	<u>145,882</u>	<u>546</u>	<u>146,428</u>
Operating Expenses:			
Salaries and Wages	90,357		90,357
Fringe Benefits	34,139		34,139
Purchased Services	9,456		9,456
Supplies and Materials	4,313		4,313
Cost of Sales	85,085		85,085
Depreciation	4,100		4,100
Other	307		307
Total Operating Expenses	<u>227,757</u>		<u>227,757</u>
Operating Income (Loss)	<u>(81,875)</u>	<u>546</u>	<u>(81,329)</u>
Non-Operating Revenues:			
Interest	1,256		1,256
Federal and State Subsidies	45,453		45,453
Federal Donated Commodities	13,203		13,203
Total Non-Operating Revenues	<u>59,912</u>		<u>59,912</u>
Net Income (Loss)	(21,963)	546	(21,417)
Retained Earnings/Fund Balance at Beginning of Year	<u>35,652</u>	<u>9,035</u>	<u>44,687</u>
Retained Earnings/Fund Balance at End of Year	<u><u>\$13,689</u></u>	<u><u>\$9,581</u></u>	<u><u>\$23,270</u></u>

See Accompanying Notes to the General Purpose Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise Funds			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Tuition	\$33,000	\$19,684	(\$13,316)			
Sales	135,500	124,108	(11,392)			
Federal and State Subsidies	49,000	45,453	(3,547)			
Interest	2,000	1,152	(848)	\$550	\$513	(\$37)
Total Revenues	219,500	190,397	(29,103)	550	513	(37)
Expenses:						
Salaries and Wages	101,075	71,600	29,475			
Fringe Benefits	46,871	37,706	9,165			
Purchased Services	20,712	9,879	10,833			
Supplies and Materials	89,496	76,760	12,736	1,000		1,000
Other	1,460	307	1,153			
Capital Outlay	1,000	943	57	1,000		1,000
Total Expenses	260,614	197,195	63,419	2,000		2,000
Excess of Revenues Over (Under) Expenses	(41,114)	(6,798)	34,316	(1,450)	513	1,963
Advances - In	53,000	17,000	(36,000)			
Advances - Out	(60,000)	(5,000)	55,000			
Operating Transfers - In	20,000		(20,000)			
Excess of Revenues, Advances, and Transfers Over (Under) Expenses and Advances	(28,114)	5,202	33,316	(1,450)	513	(1,963)
Fund Equity at Beginning of Year	31,913	31,913		9,035	9,035	
Prior Year Encumbrances Appropriated	2,344	2,344				
Fund Equity at End of Year	\$6,143	\$39,459	\$33,316	\$7,585	\$9,548	\$1,963

See Accompanying Notes to the General Purpose Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$143,792		\$143,792
Cash Payments for Employee Services and Benefits	(109,306)		(109,306)
Cash Payments to Suppliers for Goods and Services	(85,018)		(85,018)
Other Operating Expenses	(307)		(307)
Net Cash Used In Operating Activities	(50,839)		(50,839)
Cash Flows from Noncapital Financing Activities:			
Federal and State Subsidies Received	45,453		45,453
Advances - In	17,000		17,000
Advances - Out	(5,000)		(5,000)
Net Cash Provided By Noncapital Financing Activities	57,453		57,453
Cash Flows from Investing Activities:			
Interest	1,256	\$546	1,802
Net Cash Provided By Investing Activities	1,256	546	1,802
Net Increases in Cash and Cash Equivalents	7,870	546	8,416
Cash and Cash Equivalents Beginning of Year	34,257	9,035	43,292
Cash and Cash Equivalents End of Year	\$42,127	\$9,581	\$51,708
<u>Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities:</u>			
Operating Income (Loss)	(\$81,875)	\$546	(\$81,329)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities:			
Depreciation	4,100		4,100
Donated Commodities Used	13,203		13,203
Interest in Nonexpendable Trust Fund		(546)	(546)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(2,090)		(2,090)
Decrease in Supplies and Materials Inventory	119		119
Decrease in Inventory Held for Resale	457		457
Increase in Accounts Payable	53		53
Increase in Accrued Wages and Benefits Payable	1,614		1,614
Decrease in Intergovernmental Payable	(1,386)		(1,386)
Increase in Compensated Absences Payable	14,966		14,966
Net Cash Used In Operating Activities	(\$50,839)	\$0	(\$50,839)
Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet:			
Cash and Cash Equivalents-All Fiduciary Funds		\$54,554	
Cash and Cash Equivalents-Expendable Trust and Agency Funds		(44,973)	
Cash and Cash Equivalents-Nonexpendable Trust Fund		\$9,581	

See Accompanying Notes to the General Purpose Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District serves an area of approximately 14,698 acres. It is located in Miami and Darke Counties and includes a portion of Shelby County, and includes all of the Village of Bradford and portions of Newbury, Newton, Wayne, Adams, Franklin and Loramie Townships. It is staffed by 36 non-certificated employees, 47 certificated full-time teaching personnel and 3 administrative employees who provide services to 612 students and other community members.

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

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

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

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

The School District is associated with four jointly governed organizations, one related organization and one insurance purchasing pool. These organizations are discussed in Note 18 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

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

Related Organization:

Bradford Public Library

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

2. Proprietary Fund Type:

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

Enterprise Funds

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund Types:

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

4. Account Groups:

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income tax, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the exchange on which the tax is imposed, takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data

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

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The Eisenhower and preschool grants special revenue funds grant activity that is administered by a fiscal agent is not budgeted by the School District. The legal level of budgetary control is at the object level within each fund and function.

1. Tax Budget:

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

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year.

The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The 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 the legal level of control.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, nine supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than the agency fund and the Eisenhower and preschool grants special revenue funds, consistent with statutory provisions.

4. Encumbrances:

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

5. Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

The balance of the Eisenhower and Preschool grants special revenue funds' activity administered by the fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents."

During fiscal year 2001, the School District's investments were limited to funds invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 2001 amounted to \$91,301 which includes \$77,423 assigned from other School District funds.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. Restricted assets are also for the reserve for bus purchases and textbooks and instructional materials. See Note 19 for additional information regarding set-asides.

H. Estimates

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

I. Fixed Assets and Depreciation

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

J. Interfund Assets and Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables."

K. Compensated Absences

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions

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

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. This reserve amount consists exclusively of monies received from the Bureau of Workers' Compensation. The reserve for endowments represents principal in the nonexpendable trust fund that cannot be spent.

O. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

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

P. Total Columns on General Purpose Financial Statements

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." The effect of this change on the excess of revenues and other financing sources over (under) expenditures and other financing uses and the effect on opening fund balances follows:

	Governmental Fund
	Special Revenue
Excess as previously reported	\$17,861
Restatement:	
Implementation of GASB 33	71,766
Restated Amount for the Year Ended June 30, 2000	\$89,627
Fund Balance at June 30, 2000	\$49,714
Restatement:	
Implementation of GASB 33	71,766
Restated Amount at June 30, 2000	\$121,480

3. ACCOUNTABILITY

The Early Childhood Development enterprise fund had a negative retained earnings at June 30, 2001, in the amount of \$16,000. The School District will continue to monitor the deficit in this fund, and possibly raise fees to eliminate the deficit.

4. BUDGETARY BASIS OF ACCOUNTING

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

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

- c. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the proprietary fund type and nonexpendable trust fund (GAAP basis).
- d. The School District does not budget for the activities of the Eisenhower and preschool grants special revenue funds administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to Bradford Exempted Village School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).
- e. Principal payments on short-term loans and notes are reported on the operating statement (budget basis), rather than as a balance sheet transaction (GAAP basis).
- f. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$313,064	\$61,992	\$5,712	(\$1,564,447)	\$1,787
Revenue Accruals	75,882	71,526	357	40,726	0
Expenditure Accruals	(37,432)	(9,092)	0	497,524	0
Prepaid Items	5,444	0	0	0	0
Nonbudgeted Fund Activity	0	3,380	0	0	0
Unrecorded Cash	(6,629)	(121)	0	(13,487)	(36)
Loan Principal Payments	(27,500)	0	0	0	0
Advances	(14,000)	2,000	0	0	0
Encumbrances	(159,710)	(10,908)	0	(2,493,970)	(5,000)
Budget Basis	<u>\$149,119</u>	<u>\$118,777</u>	<u>\$6,069</u>	<u>(\$3,533,654)</u>	<u>(\$3,249)</u>

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

**Net Income (Loss)/Excess of Revenues and Advances,
and Transfers Over Expenses and Advances
Proprietary Fund Type and Nonexpendable Trust Fund**

	Enterprise	Nonexpendable Trust
GAAP Basis	(\$21,963)	\$546
Revenue Accruals	(2,090)	0
Expense Accruals	16,399	0
Depreciation	4,100	0
Materials and Supplies Inventory	(119)	0
Inventory Held for Resale	(457)	0
Unrecorded Cash	(104)	(33)
Advances	12,000	0
Encumbrances	(2,564)	0
Budget Basis	\$5,202	\$513

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

- a. 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;

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

- b. Bonds, notes debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- c. 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;
- d. Bonds and other obligations of the State of Ohio;
- e. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- f. The State Treasurer's investment pool (STAR Ohio);
- g. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- h. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand: At fiscal year end, the School District had \$100 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

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

At June 30, 2001, the School District had "Cash and Cash Equivalents with Fiscal Agents" in the special revenue funds of \$2,360. The money is held by the Darke County Educational Center, which is the fiscal agent of several other school districts and therefore, cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents for the Darke County Educational Service Center as a whole can be obtained by writing Carolyn Garver at the Darke County Educational Service Center, 5279 Education Drive, Greenville, Ohio 45331.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$665,116 and the bank balance was \$1,455,428. Of the bank balance:

- a. \$102,041 was covered by federal depository insurance; and
- b. \$1,353,387 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The carrying and fair value of the STAR Ohio investment as of June 30, 2001, was \$4,695,183.

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$5,362,759	
Cash on Hand	(100)	
Cash and Cash Equivalents with Fiscal Agent	(2,360)	
Investment of the cash management pool:		
STAR Ohio	(4,695,183)	\$4,695,183
GASB Statement 3	<u>\$665,116</u>	<u>\$4,695,183</u>

6. PROPERTY TAXES

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

6. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$29,760,720	91%	\$30,661,990	91%
Public Utility	1,798,500	6	1,700,750	5
Tangible Personal Property	1,092,330	3	1,226,160	4
Total Assessed Value	<u>\$32,651,550</u>	<u>100%</u>	<u>\$33,588,900</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$35.01		\$35.10	

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 later payment dates to be established.

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

The School District receives property taxes from Shelby, Miami, and Darke Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

6. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$64,837. \$53,169 was available to the general fund, \$10,311 was available to the bond retirement debt service fund and \$1,357 was available to the permanent improvement capital projects fund.

7. INCOME TAX

The School District levies a voted tax of 1.75 percent for general operations on the income of residents and of estates. The 1.00 percent tax was effective on January 1, 1982, while the 0.75 percent tax was effective on January 1, 1992, and both are a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue credited to the general fund during fiscal year 2001 was \$784,337.

8. RECEIVABLES

Receivables at June 30, 2001, consisted of both property and income taxes, accounts (tuition and student fees), intergovernmental grants, accrued interest, and interfund transactions. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund	
Tuition and Fees	\$83,912
Special Revenue Funds:	
Title I Grant	30,545
Title VI-R Grant	25,527
Total Special Revenue Funds	56,072
Total All Funds	\$139,984

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$95,984
Less Accumulated Depreciation	(49,311)
Net Fixed Assets	\$46,673

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$494,566	\$0	\$0	\$494,566
Buildings and Improvements	1,180,086	0	0	1,180,086
Furniture, Fixtures and Equipment	1,236,235	104,899	8,069	1,333,065
Vehicles	353,361	0	11,868	341,493
Construction in Progress	1,054,367	10,098,608	0	11,152,975
Totals	\$4,318,615	\$10,203,507	\$19,937	\$14,502,185

10. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Harcum-Hyre Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by Harcum-Hyre Insurance is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$10,216,900
Inland Marine	
Computers (\$100 deductible)	318,000
Software (\$100 deductible)	2,500
Boiler and Machinery (\$1,000 deductible)	6,779,600
Crime Insurance (\$250 deductible)	25,000
Automobile Liability (\$0 deductible)	2,000,000
Uninsured Motorists (\$0 deductible)	2,000,000
General Liability	
Per occurrence (\$0 deductible)	1,000,000
Total per year	3,000,000
Umbrella Liability	
Per occurrence (\$10,000 SIR)	2,000,000

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

11. RISK MANAGEMENT (Continued)

B. Workers' Compensation

For fiscal year 2001, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control, and actuarial services to the GRP.

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$20,259, \$31,252 and \$46,802, respectively; 35 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$13,169 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$185,932, \$115,764 and \$98,072, respectively; 81.83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$33,785 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining members of the board have elected SERS.

13. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$88,073 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

13. POSTEMPLOYMENT BENEFITS (Continued)

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$55,235.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

14. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit to a maximum of 58 days for all employees.

B. Insurance Benefits

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

15. FUND OBLIGATIONS

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

The School District's loan activity for fiscal year 2001, was as follows:

		<u>Balance 6/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/01</u>
General Fund					
Energy Conservation Loan	5.40%	\$55,000	\$0	\$27,500	\$27,500

Principal and interest requirements to retire the energy conservation loan at June 30, 2001, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$27,500	\$1,485	\$28,985

16. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

		<u>Amount Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/01</u>
School Improvement Bonds					
2000	5.95% - Average	\$1,467,935	\$3,098	\$45,000	\$1,426,033
Intergovernmental Payable		32,151	32,699	32,151	32,699
Compensated Absences		383,396	11,869	0	395,265
Total General Long-Term Obligations		<u>\$1,883,482</u>	<u>\$47,666</u>	<u>\$77,151</u>	<u>\$1,853,997</u>

School Improvement General Obligation Bonds - The School District issued bonds in the amount of \$1,466,912 during fiscal year 2000. Of these bonds, \$1,455,000 are serial bonds, with maturity dates of December 1, 2000 to December 1, 2009 and December 1, 2021. \$11,912 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2010 and 2011. The maturity amount is \$135,000 for each year. The capital appreciation bonds were accreted \$3,098 in fiscal year 2001.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

16. LONG-TERM OBLIGATIONS (Continued)

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

The School District's overall legal debt margin was \$1,670,948, the energy conservation debt margin was \$274,800 and the unvoted debt margin was \$33,589 at June 30, 2001.

Principal and interest requirements to retire the general long-term bonds at June 30, 2001, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$45,000	\$79,210	\$124,210
2003	40,000	77,185	117,185
2004	50,000	75,325	125,325
2005	50,000	72,925	122,925
2006	55,000	70,475	125,475
2007-2011	255,935	371,149	627,084
2012-2016	315,098	308,919	624,017
2017-2021	500,000	126,426	626,426
2022	115,000	6,843	121,843
Total	<u>\$1,426,033</u>	<u>\$1,188,457</u>	<u>\$2,614,490</u>

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and early childhood development. The table below reflects the more significant financial data relating to the enterprise funds of the Bradford Exempted Village School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Early Childhood Development</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$112,217	\$13,981	\$19,684	\$145,882
Depreciation Expense	4,100	0	0	4,100
Operating Loss	(62,896)	(745)	(18,234)	(81,875)
Federal and State Subsidies	45,453	0	0	45,453
Federal Donated Commodities	13,203	0	0	13,203
Interest	1,256	0	0	1,256
Net Loss	(2,983)	(745)	(18,235)	(21,963)
Net Working Capital (Deficit)	14,926	1,705	(2,482)	14,149
Long-Term Liabilities Payable from Revenue	11,331	0	13,518	24,849
Total Assets	80,756	16,205	491	97,452
Total Equity (Deficit)	50,268	1,705	(16,000)	35,973
Encumbrances Outstanding at June 30, 2001	88	2,000	476	2,564

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

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

A. Jointly Governed Organizations

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid MDECA \$28,804 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during this one year period.

Payments to SOEPC are made from the general fund. During fiscal year 2001, the School District paid \$800 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2001, the School District paid \$10 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Upper Valley Joint Vocational School District - The Upper Valley Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following School Districts: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or county school districts: Piqua, Shelby, Sidney, and Troy. The School District had no financial transactions with the Upper Valley Joint Vocational School during fiscal year 2001. To obtain financial information, write to the Upper Valley Joint Vocational School, William Stump, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

B. Related Organization

Bradford Public Library - The Bradford Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Bradford School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Bradford Public Library, Janice Sarver, Clerk/Treasurer, at 138 South Main, Bradford, Ohio 45308.

C. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a fourteen member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

19. SET-ASIDE CALCULATIONS

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	(\$1,467)	(\$1,431,178)	\$37,862
Current Year Set-aside Requirement	82,576	82,576	0
Reduction in Requirement Based on Revised Legislation	0	0	(7,853)
Current Year Offsets	0	(14,848)	0
Qualifying Disbursements	(67,504)	(717)	0
Set-aside Balances Carried Forward to Future Fiscal Years	\$13,605	(\$1,364,167)	\$30,009
Set-aside Reserve Balances as of June 30, 2001	<u>\$13,605</u>	<u>\$0</u>	<u>\$30,009</u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for capital acquisition set-aside, the negative amount can be carried forward as it represents proceeds of bonds from prior years. The total reserve balance for the set-asides at the end of the fiscal year was \$43,614.

20. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

The School District did not have any pending litigation at June 30, 2001.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

21. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2001, the School District had contractual commitments as follows:

<u>Vendor</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Prism Electrical Contractors	Classroom Facilities Project	\$208,602
Danis Building Construction Co.	Classroom Facilities Project	1,162,599
Star-Ex Inc.	Classroom Facilities Project	378,399
Stead-Hammond-Paul	Classroom Facilities Project	127,124
Regal Plumbing	Classroom Facilities Project	246,315
VFP Inc.	Classroom Facilities Project	21,346
Shaw Flooring	Classroom Facilities Project	105,606

22. CONTRIBUTED CAPITAL

There was no change in contributed capital during 2001. The balance in the account is \$22,284.

23. INTERFUND RECEIVABLE/PAYABLE

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$24,500	\$0
Special Revenue Fund:		
Title I	0	10,000
Enterprise Fund:		
Uniform School Supplies	0	14,500
Total All Funds	<u>\$24,500</u>	<u>\$24,500</u>

24. SUBSEQUENT EVENT

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- * Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

24. SUBSEQUENT EVENT (Continued)

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 12, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

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

To the Board of Education:

We have audited the financial statements of Bradford Exempted Village School District, Miami County, (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 12, 2001, wherein we noted the District adopted Governmental Accounting Statement No. 33. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 12, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 12, 2001.

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

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

Jim Petro
Auditor of State

December 12, 2001

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
FOR THE YEAR ENDED JUNE 30, 2001**

Finding Number	Finding Summary	Fully <u>Corrected</u> ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i>
2000-10355-001	Failure to perform complete monthly cash reconciliations.	Yes	N/A



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 8, 2002**