



Mary Taylor, CPA
Auditor of State

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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MIAMI COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bradford Exempted Village School District
Miami County
760 Railroad Avenue
Bradford, Ohio 45308

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Bradford Exempted Village School District, Miami County, (the School District), as of and for the years ended June 30, 2008 and 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Bradford Exempted Village School District, Miami County, as of June 30, 2008 and 2007, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

March 24, 2009

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

The discussion and analysis of Bradford Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008, within the limitations of the School District's modified cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets increased \$472,054, which represents an 18.2 percent increase from fiscal year 2007.
- General receipts accounted for \$6,081,373 or 78.5 percent of all receipts. Program specific receipts in the form of charges for services and operating grants, interest, and contributions accounted for \$1,663,795 or 21.5 percent of total receipts of \$7,745,168.
- The School District had \$6,288,732 in disbursements; only \$1,663,795 of these disbursements were offset by program specific charges for services, grants, interest, and contributions.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's modified cash basis of accounting.

Report Components

The Statement of Net Assets and Statement of Activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The Notes to the Basic Financial Statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The School District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities – Modified Cash Basis

The Statement of Net Assets and the Statement of Activities reflect how the School District did financially during fiscal year 2008, within the limitations of modified cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well, such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property and income taxes.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds, not the School District as a whole. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported on a modified cash basis. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the School District's programs.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2008 compared to fiscal year 2007:

**Table 1
Net Assets**

	2008	2007	Change
Assets:			
Current Assets	\$3,071,497	\$2,599,443	\$472,054
Net Assets:			
Restricted	822,801	733,697	89,104
Unrestricted	2,248,696	1,865,746	382,950
Total Net Assets	\$3,071,497	\$2,599,443	\$472,054

As mentioned previously, net assets of governmental activities increased \$472,054 during fiscal year 2008. The increase in net assets was similar to the increase in net assets that resulted in fiscal year 2007. The consecutive increases show that the School District's receipts and disbursements have remained consistent over the past several years. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, also increased primarily due to the consistency of receipts and disbursements.

Table 2 shows the changes in net assets for fiscal years 2008 and 2007.

**Table 2
Change in Net Assets**

	2008	2007	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$ 774,933	\$ 741,966	\$ 32,967
Operating Grants, Interest, and Contributions	888,862	809,497	79,365
Total Program Cash Receipts	1,663,795	1,551,463	112,332
General Receipts and Payment to Refunded Bond Escrow Agent:			
Property Taxes Levied for:			
General Purposes	727,981	734,648	(6,667)
Debt Service	118,800	127,205	(8,405)
Classroom Facilities Maintenance	15,733	16,373	(640)
Income Tax	993,499	870,373	123,126
Grants and Entitlements not Restricted to Specific Programs	3,088,116	3,100,722	(12,606)
Investment Earnings	114,538	134,093	(19,555)
Gifts and Donations	6,306	7,076	(770)
Miscellaneous	6,367	87,102	(80,735)
Refunding Bonds Issued	924,999		924,999
Premium on Bonds Issued	85,034		85,034
Payment to Refunded Bond Escrow Agent	(984,382)		(984,382)
Total General Receipts and Payment to Refunded Bond Escrow Agent	5,096,991	5,077,592	19,399
Total Receipts and Payment to Refunded Bond Escrow Agent	6,760,786	6,629,055	131,731

(Continued)

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

**Table 2
Change in Net Assets
(Continued)**

	<u>2008</u>	<u>2007</u>	<u>Change</u>
Cash Disbursements:			
Instruction:			
Regular	2,486,996	2,529,038	(42,042)
Special	629,558	649,708	(20,150)
Student Intervention Services	20,861	19,856	1,005
Support Services:			
Pupils	330,621	335,444	(4,823)
Instructional Staff	235,355	228,125	7,230
Board of Education	29,947	29,062	885
Administration	528,334	525,619	2,715
Fiscal	163,711	151,472	12,239
Business	1,333	2,926	(1,593)
Operation and Maintenance of Plant	586,260	473,537	112,723
Pupil Transportation	482,628	396,273	86,355
Central	134,148	122,589	11,559
Operation of Non-Instructional Services	326,320	290,098	36,222
Extracurricular Activities	199,441	192,735	6,706
Capital Outlay	1,860	14,650	(12,790)
Principal Retirement	65,000	55,000	10,000
Interest and Fiscal Charges	50,780	66,322	(15,542)
Issuance Costs	15,579		15,579
Total Cash Disbursements	<u>6,288,732</u>	<u>6,082,454</u>	<u>\$206,278</u>
Change in Net Assets	472,054	546,601	
Net Assets at Beginning of Year	<u>2,599,443</u>	<u>2,052,842</u>	
Net Assets at End of Year	<u>\$3,071,497</u>	<u>\$2,599,443</u>	

Governmental Activities

The increase in charges for services receipts was due to the third and fourth quarter fiscal year 2007 transportation receipts being received in fiscal year 2008.

The significant increase in income taxes was a result of the collection of prior delinquent taxes.

The significant decrease in miscellaneous receipts was due to a settlement with the Danis Corporation in regards to issues with the gym floor in fiscal year 2007.

The increase in operation and maintenance of plant disbursements was primarily due to routine maintenance and upkeep of the School District.

The increase in pupil transportation disbursements was primarily due to increased fuel costs throughout the School District.

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes and income taxes made up 24 percent of receipts for governmental activities for the Bradford Exempted Village School District for fiscal year 2008.

Instruction comprises 49.9 percent of School District disbursements. Support services disbursements make up 39.6 percent.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

The Statement of Activities shows the cost of program services and the charges for services, grants, interest and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal years 2008 and 2007. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Instruction	\$3,137,415	(\$2,194,572)	\$3,198,602	(\$2,291,681)
Support Services	2,492,337	(2,131,843)	2,265,047	(1,969,473)
Operation of Non-Instructional Services	326,320	(31,250)	290,098	(22,280)
Extracurricular Activities	199,441	(134,053)	192,735	(111,585)
Capital Outlay	1,860	(1,860)	14,650	(14,650)
Principal Retirement	65,000	(65,000)	55,000	(55,000)
Interest and Fiscal Charges	50,780	(50,780)	66,322	(66,322)
Issuance Costs	15,579	(15,579)		
Total Disbursements	<u>\$6,288,732</u>	<u>(\$4,624,937)</u>	<u>\$6,082,454</u>	<u>(\$4,530,991)</u>

The School District's Funds

Information about the School District's major funds starts on page 11. These funds are accounted for using the modified cash basis of accounting. All governmental funds had total receipts of \$6,735,135 and disbursements of \$6,288,732. The increase in fund balance for the General Fund was \$422,009. The fiscal year 2008 increase in fund balance in the General Fund was similar to the fiscal year 2007 increase of \$430,575. In fiscal year 2008 revenues increased due to a significant increase in income taxes, however this increase was offset by an increase in operation and maintenance and transportation disbursements due to routine upkeep and maintenance at the School District and increased fuel costs.

General Fund Budgeting Highlights

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

During the course of fiscal year 2008, the School District amended its General Fund budget several times, which resulted in final appropriations increasing \$48,739. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis receipts estimate increased from the original budget basis revenue by \$106,500. The most significant change was in income tax receipts because of an unexpected increase in income tax collections. Actual receipts increased by \$34,872, a less than one percent increase from the final budget basis.

Capital Assets

The School District does not currently report its capital assets and infrastructure.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)
(Continued)**

Debt Administration

At June 30, 2008 the School District had \$1,061,912 in general obligation school improvement bonds outstanding, of which \$80,000 is due within one year. During fiscal year 2008 the School District issued school improvement refunding bonds for the purpose of advance refunding \$924,999 of the \$1,126,912 outstanding school improvement general obligation bonds. Table 4 summarizes the bonds outstanding:

**Table 4
Outstanding Debt, at Fiscal Year-End
Governmental Activities**

	<u>2008</u>	<u>2007</u>
School Improvement Bonds	\$ 141,913	\$1,126,912
School Improvement Refunding Bonds	919,999	
Totals	<u>\$1,061,912</u>	<u>\$1,126,912</u>

The School District's overall legal debt margin was \$2,964,252 with an unvoted debt margin of \$42,900 at June 30, 2008.

For more information on the School District's debt, see Note 11 of the Basic Financial Statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dawnna Cron, Treasurer, at Bradford Exempted Village School District, 760 Railroad Road, Bradford, OH 45308, or email at dawnna_cron@darke.k12.oh.us.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2008**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$3,064,663
Cash and Cash Equivalents with Fiscal Agent	6,834
Total Assets	3,071,497
 Net Assets:	
Restricted for:	
Debt Service	165,125
Capital Outlay	302,031
Other Purposes	263,455
Kindergarten Classroom:	
Expendable	88
Non-Expendable	10,302
Set-Asides	81,800
Unrestricted	2,248,696
Total Net Assets	\$3,071,497

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Interest, and Contributions</u>
			<u>Governmental Activities</u>
Governmental Activities:			
Instruction:			
Regular	\$2,486,996	\$393,981	\$116,871
Special	629,558		431,991
Student Intervention Services	20,861		(\$1,976,144)
			(197,567)
			(20,861)
Support Services:			
Pupils	330,621		114,917
Instructional Staff	235,355		49,058
Board of Education	29,947		(186,297)
Administration	528,334		(29,947)
Fiscal	163,711		1,551
Business	1,333		(526,783)
Operation and Maintenance of Plant	586,260		(163,711)
Pupil Transportation	482,628	155,825	(1,333)
Central	134,148		26,733
Operation of Non-Instructional Services	326,320	160,980	2,482
Extracurricular Activities	199,441	64,147	9,928
Capital Outlay	1,860		(124,220)
Principal Retirement	65,000		(31,250)
Interest and Fiscal Charges	50,780		(134,090)
Issuance Costs	15,579		1,241
Totals	<u>\$6,288,732</u>	<u>\$774,933</u>	<u>\$888,862</u>
			<u>(4,624,937)</u>
General Receipts and Payment to Refunded Bond Escrow Agent:			
Property Taxes Levied for:			
General Purposes			727,981
Debt Service			118,800
Classroom Facilities Maintenance			15,733
Income Tax			993,499
Grants and Entitlements not Restricted to Specific Programs			3,088,116
Investment Earnings			114,538
Gifts and Donations			6,306
Miscellaneous			6,367
Refunding Bonds Issued			924,999
Premium on Bonds Issued			85,034
Payment to Refunded Bond Escrow Agent			<u>(984,382)</u>
Total General Receipts and Payment to Refunded Bond Escrow Agent			<u>5,096,991</u>
Change in Net Assets			472,054
Net Assets at Beginning of Year			<u>2,599,443</u>
Net Assets at End of Year			<u>\$3,071,497</u>

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$2,248,696	\$730,067	\$2,978,763
Cash and Cash Equivalents with Fiscal Agent		6,834	6,834
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	85,900		85,900
Total Assets	2,334,596	736,901	3,071,497
 Fund Balances:			
Reserved for Encumbrances	186,530	25,126	211,656
Reserved for Textbooks and Instructional Materials	81,800		81,800
Reserved for Bus Purchases	4,100		4,100
Reserved for Contributions		9,000	9,000
Unreserved, Undesignated, Reported in:			
General Fund	2,062,166		2,062,166
Special Revenue Funds		238,329	238,329
Debt Service Fund		165,125	165,125
Capital Projects Funds		297,931	297,931
Permanent Fund		1,390	1,390
Total Fund Balances	\$2,334,596	\$736,901	\$3,071,497

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:			
Property Taxes	\$727,981	\$134,533	\$862,514
Income Tax	993,499		993,499
Intergovernmental	3,416,799	528,972	3,945,771
Investment Earnings	110,195	4,526	114,721
Charges for Services	155,825	160,980	316,805
Tuition and Fees	367,625	144	367,769
Extracurricular Activities	4,680	85,679	90,359
Gifts and Donations	250	37,080	37,330
Miscellaneous	6,367		6,367
Total Receipts	<u>5,783,221</u>	<u>951,914</u>	<u>6,735,135</u>
Disbursements:			
Current:			
Instruction:			
Regular	2,349,270	137,726	2,486,996
Special	556,675	72,883	629,558
Student Intervention Services	20,861		20,861
Support Services:			
Pupils	214,713	115,908	330,621
Instructional Staff	185,853	49,502	235,355
Board of Education	29,947		29,947
Administration	527,008	1,326	528,334
Fiscal	160,837	2,874	163,711
Business	1,333		1,333
Operation and Maintenance of Plant	536,608	49,652	586,260
Pupil Transportation	479,757	2,871	482,628
Central	125,223	8,925	134,148
Operation of Non-Instructional Services		326,320	326,320
Extracurricular Activities	141,267	58,174	199,441
Capital Outlay	1,860		1,860
Debt Service:			
Principal Retirement		65,000	65,000
Interest and Fiscal Charges		50,780	50,780
Issuance Costs		15,579	15,579
Total Disbursements	<u>5,331,212</u>	<u>957,520</u>	<u>6,288,732</u>
Excess of Receipts Over (Under) Disbursements	<u>452,009</u>	<u>(5,606)</u>	<u>446,403</u>
Other Financing Sources (Uses):			
Refunding Bonds Issued		924,999	924,999
Premium on Bonds Issued		85,034	85,034
Payment to Refunded Bond Escrow Agent		(984,382)	(984,382)
Advances In		30,000	30,000
Advances Out	(30,000)		(30,000)
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>55,651</u>	<u>25,651</u>
Net Change in Fund Balance	422,009	50,045	472,054
Fund Balances at Beginning of Year	<u>1,912,587</u>	<u>686,856</u>	<u>2,599,443</u>
Fund Balances at End of Year	<u>\$2,334,596</u>	<u>\$736,901</u>	<u>\$3,071,497</u>

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$730,134	\$714,684	\$727,981	\$13,297
Income Tax	900,000	990,000	993,499	3,499
Intergovernmental	3,382,873	3,417,623	3,413,916	(3,707)
Investment Earnings	116,864	106,864	122,879	16,015
Charges for Services	109,729	152,729	155,825	3,096
Tuition and Fees	284,000	246,500	248,942	2,442
Rent	1,000			
Extracurricular Activities		4,450	4,680	230
Gifts and Donations	2,000	250	250	
Miscellaneous	1,371	1,371	1,371	
Total Receipts	<u>5,527,971</u>	<u>5,634,471</u>	<u>5,669,343</u>	<u>34,872</u>
Disbursements:				
Current:				
Instruction:				
Regular	2,451,854	2,454,854	2,397,692	57,162
Special	537,959	537,959	611,246	(73,287)
Student Intervention Services	22,775	36,775	27,208	9,567
Support Services:				
Pupils	237,936	244,866	218,659	26,207
Instructional Staff	193,623	195,173	187,312	7,861
Board of Education	33,718	33,988	33,210	778
Administration	539,817	540,417	543,147	(2,730)
Fiscal	158,348	158,348	161,825	(3,477)
Business	3,300	3,300	1,333	1,967
Operation and Maintenance of Plant	624,363	626,113	569,773	56,340
Pupil Transportation	517,874	527,874	496,116	31,758
Central	119,740	125,379	126,799	(1,420)
Extracurricular Activities	150,135	150,135	141,312	8,823
Capital Outlay		5,000	2,110	2,890
Total Disbursements	<u>5,591,442</u>	<u>5,640,181</u>	<u>5,517,742</u>	<u>122,439</u>
Excess of Receipts Over (Under) Disbursements	<u>(63,471)</u>	<u>(5,710)</u>	<u>151,601</u>	<u>157,311</u>
Other Financing Sources (Uses):				
Refund of Prior Year Disbursements	80,000	120,000	126,562	6,562
Refund of Prior Year Receipts	(1,500)	(1,500)		1,500
Advances In	7,500			
Advances Out	(30,000)	(30,000)	(30,000)	
Transfers In	5,000			
Transfers Out	(5,500)	(5,500)		5,500
Total Other Financing Sources (Uses)	<u>55,500</u>	<u>83,000</u>	<u>96,562</u>	<u>13,562</u>
Net Change in Fund Balance	(7,971)	77,290	248,163	170,873
Fund Balance at Beginning of Year	1,742,232	1,742,232	1,742,232	
Prior Year Encumbrances Appropriated	<u>167,294</u>	<u>167,294</u>	<u>167,294</u>	
Fund Balance at End of Year	<u>\$1,901,555</u>	<u>\$1,986,816</u>	<u>\$2,157,689</u>	<u>\$170,873</u>

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2008**

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$67,690	<u>\$42,381</u>
Liabilities:		
Current Liabilities:		
Due to Students	<u> </u>	<u>\$42,381</u>
Net Assets:		
Held in Trust for Scholarships	<u>\$67,690</u>	

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$2,694
Gifts and Contributions	14,193
Total Additions	<u>16,887</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>8,498</u>
Changes in Net Assets	8,389
Net Assets at Beginning of Year	<u>59,301</u>
Net Assets at End of Year	<u><u>\$67,690</u></u>

See accompanying notes to the basic financial statements.

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 federal guidelines.

The School District serves an area of approximately 14,698 acres. It is located in Miami and Darke Counties along with a portion of Shelby County, and includes all of the Village of Bradford and portions of Newberry, Newton, Wayne, Adams, Franklin and Loramie Townships.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements 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, 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 School District participates in three jointly governed organizations, one related organization, two insurance purchasing pools, and a Public Entity Shared Risk Pool. These organizations include the Upper Valley Joint Vocational School District, the Metropolitan Dayton Educational Cooperative Association, the Southwestern Ohio Educational Purchasing Council, the Bradford Public Library, the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, the Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Insurance Program, and the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust. These organizations are presented in Notes 13, 14, 15 and 16 to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Section C of Note 2, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

1. Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities of the School District that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

The Statement of Net Assets presents the cash balance of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the School District's general receipts.

2. Fund Financial Statements

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. The School District divides its funds into two categories: governmental and fiduciary.

1. Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other nonexchange transactions as governmental funds. The following is the School District's major governmental fund:

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.

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

2. Fiduciary Funds:

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

C. Basis of Accounting

The School District's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. The School District reports liabilities of the Fiduciary Agency fund since these monies are due to others and not for the purpose of the District itself.

As a result of the use of this modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and disbursements for goods or services received but not yet paid, and accrued disbursements and liabilities) are not recorded in these financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The balance of grant activity administered and held by a fiscal agent is presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agent" and represents deposits of the Darke County Educational Service Center.

During fiscal year 2008, the School District's investments were limited to a Capital Management Money Market Fund and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings credited to the General Fund during fiscal year 2008 amounted to \$110,195, which includes \$28,329 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash and cash equivalents.

E. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside for the purchase of textbooks and instructional materials and unspent receipts restricted for bus purchases.

F. Interfund Receivables/Payables

The School District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

G. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postemployment health care benefits.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and State grants restricted to cash disbursement for specified purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Net Assets reports \$822,801 of restricted net assets, none of which is restricted by enabling legislation.

I. Fund Balance Reserves

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, textbooks and instructional materials, bus purchases, and contributions.

J. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund and function level for the General Fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the object level in the General Fund and the function and object level within all other funds.

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are: outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis); and unrecorded cash and disbursements, which represents amounts received and disbursed but not included on the budget basis statement. These amounts are included as receipts and disbursements on the modified cash basis Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis.

The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
Modified Cash Basis	\$422,009
Unrecorded Cash - Fiscal Year 2008	9,623
Unrecorded Cash - Fiscal Year 2007	3,061
Adjustment for Encumbrances	<u>(186,530)</u>
Budget Basis	<u><u>\$248,163</u></u>

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$1,121,990 of the School District's bank balance of \$1,355,972 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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

B. Investments

As of June 30, 2008, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Investment Maturities (in Years) Less than 1
Capital Management Money Market Fund	\$ 12,783	\$ 12,783
STAR Ohio	1,888,490	1,888,490
Totals	\$1,901,273	\$1,901,273

Interest Rate Risk – The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – The Capital Management Money Market Fund carries a rating of AAA by Moody's. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Shelby, Darke, and Miami 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 Counties by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$39,017,790	95.09%	\$41,801,180	95.77%
Public Utility	1,326,930	3.23	1,239,770	2.84
General Business Personal	688,950	1.68	605,710	1.39
Total Assessed Value	<u>\$41,033,670</u>	<u>100.00%</u>	<u>\$43,646,660</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$35.47		\$35.37	

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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. 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 receipts are credited to the General Fund.

8. 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 2008, the School District joined together with other School Districts in Ohio to participate in the Southwestern Ohio Educational Purchasing Council Property, Fleet and Liability Insurance Program, an insurance purchasing pool (See Note 15).

Coverage is provided as follows:

Property (\$1,000 deductible, subject to scheduled limits)	\$300,000,000
Boiler and Machinery (\$2,500 deductible)	50,000,000
Auto Liability/Physical Damage (\$1,000 deductible)	1,000,000
Uninsured/Underinsured Motorists	1,000,000
General Liability (per occurrence/aggregate)	\$1,000,000/3,000,000
Educator Legal Liability (\$5,000 deductible, per occurrence/aggregate)	1,000,000
Umbrella Coverage (per occurrence/aggregate)	5,000,000

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

B. Medical Benefits

For fiscal year 2008, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of fifty-five school districts (Note 16). The School District pays monthly premiums to the Trust for employee medical, dental, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

For fiscal year 2008, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control, and actuarial services to the GRP.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 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 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$73,716, \$82,722 and \$94,401 respectively; 100 percent has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

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

Funding Policy – For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$298,896, \$305,136, and \$300,001 respectively; 100 percent has been contributed for all three fiscal years. Contributions to the DC and Combined Plans for fiscal year 2008 were \$1,088 made by the School District and \$12,988 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2008, two members of the Board of Education have elected Social Security. The remaining Board members contribute to SERS. The Board's liability is 6.2 percent of wages paid.

10. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

10. POST-EMPLOYMENT BENEFITS (Continued)

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$45,778, \$37,395, and \$43,953, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$5,311, \$5,267, and \$6,966 respectively; 100 percent has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$22,992, \$23,472, and \$23,077 respectively; 100 percent has been contributed for all three fiscal years.

11. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

	Principal Outstanding 6/30/07	Additions	Deductions	Principal Outstanding 6/30/08	Amounts Due in One Year
Governmental Activities					
School Improvement Bonds 2000 - 4.30% - 5.25%	\$1,126,912		\$984,999	\$ 141,913	\$65,000
School Improvement Refunding Bonds 2007 - 4.00% - 4.75%		\$924,999	5,000	919,999	15,000
Total Long-Term Liabilities	\$1,126,912	\$924,999	\$989,999	\$1,061,912	\$80,000

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

11. LONG-TERM OBLIGATIONS (Continued)

School Improvement General Obligation Bonds – The School District issued bonds in the amount of \$1,466,912 during fiscal year 2000. Of these bonds, \$530,000 are serial bonds, with maturity dates of December 1, 2000, to December 1, 2009, and \$925,000 are term bonds, with a maturity date of 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 \$70,000 and \$65,000, respectively. The bonds were issued for a 23-year period with final maturity to occur during fiscal year 2022. During the fiscal year, the School District retired \$60,000 and \$924,999 of the bonds were advance refunded. The new final maturity is June 1, 2012. The debt will be retired from the Bond Retirement Debt Service Fund.

Bradford Exempted Village School District School Improvement General Obligation Refunding Bonds – The 2008 Refunding Bonds were issued July 12, 2007, for the purpose of advance refunding \$924,999 of the \$1,126,912 outstanding school improvement general obligation bonds. The net proceeds of \$984,382 (after payments of \$15,579 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2000 bonds. As a result, \$924,999 of the 2000 bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. The bonds were issued for a 15-year period with final maturity to occur during fiscal year 2022. The debt will be retired from the Bond Retirement Debt Service Fund.

The refunding resulted in a difference of \$15,579 between the net carrying amount of the old debt and the acquisition price. This difference is reported as issuance cost disbursements. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$40,685. As of June 30, 2008, \$924,999 of the School Improvement Bonds were unmatured and unpaid.

The School District's overall legal debt margin was \$2,964,252 with an unvoted debt margin of \$42,900 at June 30, 2008.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2008, are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Current Interest Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 65,000	\$5,103			\$ 15,000	\$ 36,144
2010	65,000	1,706			15,000	35,544
2011			\$ 6,814	\$ 63,187	15,000	34,944
2012			5,099	59,901	20,000	34,244
2013					90,000	32,044
2014-2018					505,000	102,053
2019-2022			29,999	210,001	230,000	9,775
Total	\$130,000	\$6,809	\$41,912	\$333,089	\$890,000	\$284,748

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

12. INTERFUND ADVANCES AND TRANSFERS

The General Fund had outstanding advances of \$60,000 at June 30, 2008 to Other Governmental Funds. General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Restricted monies are used to reimburse the General Fund for advancing monies to other funds due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund reimburses the General Fund for the initial advance. All advances are expected to be repaid within one year.

13. JOINTLY GOVERNED ORGANIZATIONS

A. 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 representatives from each of the seven participating 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 local school districts: Piqua, Sidney, Troy and Shelby County Educational Service Center. During fiscal year 2006, the School District did not contribute any money to the Upper Valley Joint Vocational School District. To obtain financial information write to the Upper Valley Joint Vocational School, William Stump, who services as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

B. 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 in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member School Districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts with the exception of the Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. During fiscal year 2008, the School District paid \$16,006 to MDECA. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 225 Linwood Street, Dayton, Ohio 45405.

C. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Payments to SOEPC are made from the General Fund. During fiscal year 2008, the School District paid \$568 to the SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

14. 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 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 serves 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 East Main Street, Bradford, Ohio 45308.

15. INSURANCE PURCHASING POOLS

A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

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

B. Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Insurance Program

The School District participates in the Southwestern Ohio Educational Purchasing Council Property, Fleet and Liability Insurance Program (PFL). The PFL's business and affairs are conducted by a six member committee consisting of various PFL representatives that are elected by the general assembly. The purpose of the Property, Fleet, and Liability Insurance Program of the SOEPC is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participating school districts.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

16. PUBLIC ENTITY SHARED RISK POOL

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of fifty-five school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 1831 Harshman Road, Dayton, Ohio 45424.

17. 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 instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Textbooks and Instructional Materials	Capital Improvements
Set-aside Reserve Balance June 30, 2007	\$44,169	(\$1,132,978)
Current Fiscal Year Set-aside Requirement	94,550	94,550
Qualifying Disbursements	(56,919)	(95,689)
Totals	<u>81,800</u>	<u>(1,134,117)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>81,800</u>	<u>(1,132,978)</u>
Set-aside Reserve Balance June 30, 2008	<u>\$81,800</u>	<u>\$ 0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements amount below zero. This extra amount of offsets may not be used to reduce the set-aside requirements in future fiscal years.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

18. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement 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, 2008.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

19. DONOR RESTRICTED ENDOWMENTS

The School District's permanent fund and private purpose trust fund includes donor-restricted endowments. These assets are shown as non-expendable net assets to represent the principal portion of the endowment. The amount of net appreciation in donor-restricted investments that is available for expenditures by the governing body is shown as expendable net assets. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment of the permanent improvement fund indicates that the interest should be used for the kindergarten classroom. The endowments of the private purpose funds indicate that the interest should be used to provide scholarships.

20. SUBSEQUENT EVENT

The School District entered into a loan with the Ohio Association of School Business Officials in August, 2008. The loan is in the amount of \$349,040 and will be used for the purpose of a HB 264 energy project.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)**

The discussion and analysis of Bradford Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007, within the limitations of the School District's modified cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

- In total, net assets increased \$546,601, which represents a 26.6 percent increase from fiscal year 2006.
- General receipts accounted for \$5,077,592 or 76.6 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$1,551,463 or 23.4 percent of total receipts of \$6,629,055.
- The School District had \$6,082,454 in disbursements; only \$1,551,463 of these disbursements were offset by program specific charges for services, grants, and contributions.

Using The Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's modified cash basis of accounting.

Report Components

The Statement of Net Assets and Statement of Activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The Notes to the Basic Financial Statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The School District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities – Modified Cash Basis

The Statement of Net Assets and the Statement of Activities reflect how the School District did financially during fiscal year 2007, within the limitations of modified cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well, such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local receipt sources such as property and income taxes.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds, not the School District as a whole. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported on a modified cash basis. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the School District's programs.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2007 compared to fiscal year 2006:

Table 1			
Net Assets			
	2007	2006	Change
Assets:			
Current Assets	\$2,599,443	\$2,052,842	\$546,601
Net Assets:			
Restricted	733,697	590,085	143,612
Unrestricted	1,865,746	1,462,757	402,989
Total Net Assets	\$2,599,443	\$2,052,842	\$546,601

As mentioned previously, net assets of governmental activities increased \$546,601 during fiscal year 2007. This significant increase was a result of the increase in tuition and fees due to open enrollment and transportation excess costs receipts, as well as a \$67,865 settlement from the Danis Corporation in regards to the gym floor project. The decrease in salaries from fiscal year 2006 also contributed to the increase in net assets. The School District cut several employees and changed several employees from full-time to part-time. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, also increased primarily due to the items mentioned above. Restricted net assets increased primarily from the settlement from the Danis Corporation.

Table 2 shows the changes in net assets for fiscal years 2007 and 2006.

Table 2			
Change in Net Assets			
	2007	2006	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$ 741,966	\$ 580,030	\$161,936
Operating Grants and Contributions	809,497	869,627	(60,130)
Capital Grants and Contributions		5,760	(5,760)
Total Program Cash Receipts	1,551,463	1,455,417	96,046
General Receipts:			
Property Taxes Levied for:			
General Purposes	734,648	710,949	23,699
Debt Service	127,205	122,713	4,492
Classroom Facilities Maintenance	16,373	15,979	394
Income Tax	870,373	849,812	20,561
Grants and Entitlements not Restricted to Specific Programs	3,100,722	3,084,417	16,305
Investment Earnings	134,093	102,264	31,829
Gifts and Donations	7,076	4,725	2,351
Miscellaneous	87,102	4,557	82,545
Total General Receipts	5,077,592	4,895,416	182,176
Total Receipts	6,629,055	6,350,833	278,222

(Continued)

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)
(Continued)**

**Table 2
Change in Net Assets
(Continued)**

	2007	2006	Change
Cash Disbursements:			
Instruction:			
Regular	2,529,038	2,513,780	15,258
Special	649,708	631,855	17,853
Student Intervention Services	19,856		19,856
Support Services:			
Pupils	335,444	301,211	34,233
Instructional Staff	228,125	276,565	(48,440)
Board of Education	29,062	37,399	(8,337)
Administration	525,619	541,147	(15,528)
Fiscal	151,472	193,214	(41,742)
Business	2,926	1,496	1,430
Operation and Maintenance of Plant	473,537	534,475	(60,938)
Pupil Transportation	396,273	429,163	(32,890)
Central	122,589	116,667	5,922
Operation of Non-Instructional Services	290,098	268,054	22,044
Extracurricular Activities	192,735	199,338	(6,603)
Capital Outlay	14,650	126,655	(112,005)
Principal Retirement	55,000	55,000	
Interest and Fiscal Charges	66,322	69,100	(2,778)
Total Cash Disbursements	6,082,454	6,295,119	(\$212,665)
Change in Net Assets	546,601	55,714	
Net Assets at Beginning of Year	2,052,842	1,997,128	
Net Assets at End of Year	\$2,599,443	\$2,052,842	

Governmental Activities

The significant increase in charges for services was due to an increase in open enrollment and transportation excess costs.

The decrease in capital grants and contributions was due to the State eliminating the State bus purchase allowance after fiscal year 2006.

The increase in investment earnings was primarily due to an increase in interest rates, the amount invested and a change in the types of investments.

The significant increase in miscellaneous receipts was due to a settlement with the Danis Corporation in regards to issues with the gym floor.

The significant decrease in fiscal disbursements from fiscal year 2006 was due to the assistant treasurer going from full-time to part-time and the closely monitoring of disbursements throughout the fiscal year.

The decrease in operation and maintenance of plant disbursements was primarily due to the elimination of employees.

The decrease in capital outlay was due to capital asset purchases for a new school bus and several new computers in fiscal year 2006 that were not necessary in fiscal year 2007.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)
(Continued)**

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes and income taxes made up 26.4 percent of receipts for governmental activities for the Bradford Exempted Village School District for fiscal year 2007.

Instruction comprises 52.6 percent of School District disbursements. Support services disbursements make up 37.2 percent.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal years 2007 and 2006. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Instruction	\$3,198,602	(\$2,291,681)	\$3,145,635	(\$2,305,026)
Support Services	2,265,047	(1,969,473)	2,431,337	(2,119,064)
Operation of Non-Instructional Services	290,098	(22,280)	268,054	(218,350)
Extracurricular Activities	192,735	(111,585)	199,338	(199,338)
Capital Outlay	14,650	(14,650)	126,655	126,176
Principal Retirement	55,000	(55,000)	55,000	(55,000)
Interest and Fiscal Charges	66,322	(66,322)	69,100	(69,100)
Total Disbursements	\$6,082,454	(\$4,530,991)	\$6,295,119	(\$4,839,702)

The School District's Funds

Information about the School District's major funds starts on page 43. These funds are accounted for using the modified cash basis of accounting. All governmental funds had total receipts of \$6,629,055 and disbursements of \$6,082,454. The net change in fund balance for the General Fund was \$430,575, which was primarily due to an increase in transportation excess costs, investment income, and pay to play extracurricular activity fees, as well as employee cuts and various money saving measures implemented by the School District.

General Fund Budgeting Highlights

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

During the course of fiscal year 2007, the School District amended its General Fund budget several times, which resulted in final appropriations increasing \$353. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis receipts estimate decreased from the original budget basis revenue by \$17,225. The most significant change was in intergovernmental receipts and income tax receipts because of an unexpected increase in income tax receipts and a decrease in the number of students enrolled in the School District, resulting in less foundation monies. Actual receipts increased by \$78,526 from the final budget basis. This was primarily due to an increase in tuition and fees and interest. Tuition and fees increased due to open enrollment and transportation excess costs and the increase in interest was a result of the amount invested and increasing interest rates.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)
(Continued)**

Capital Assets

The School District does not currently report its capital assets and infrastructure.

Debt Administration

At June 30, 2007 the School District had \$1,126,912 in general obligation school improvement bonds outstanding, of which \$60,000 is due within one year. Table 4 summarizes the bonds outstanding:

**Table 4
Outstanding Debt, at Fiscal Year-End
Governmental Activities**

	<u>2007</u>	<u>2006</u>
School Improvement Bonds	<u>\$1,126,912</u>	<u>\$1,181,912</u>

The School District's overall legal debt margin was \$2,611,485 with an unvoted debt margin of \$40,026 at June 30, 2007.

For more information on the School District's debt, see Note 11 of the Basic Financial Statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dawnna Cron, Treasurer, at Bradford Exempted Village School District, 760 Railroad Road, Bradford, OH 45308, or email at dawnna_cron@darke.k12.oh.us.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2007**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$2,590,939
Cash and Cash Equivalents with Fiscal Agent	8,504
Total Assets	2,599,443
 Net Assets:	
Restricted for:	
Debt Service	136,091
Capital Outlay	296,626
Other Purposes	246,787
Kindergarten Classroom:	
Expendable	88
Non-Expendable	9,936
Set-Asides	44,169
Unrestricted	1,865,746
Total Net Assets	\$2,599,443

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$2,529,038	\$410,615	\$105,606	(\$2,012,817)
Special	649,708		390,700	(259,008)
Student Intervention Services	19,856			(19,856)
Support Services:				
Pupils	335,444		118,710	(216,734)
Instructional Staff	228,125		46,161	(181,964)
Board of Education	29,062			(29,062)
Administration	525,619		1,162	(524,457)
Fiscal	151,472		26,415	(125,057)
Business	2,926			(2,926)
Operation and Maintenance of Plant	473,537			(473,537)
Pupil Transportation	396,273	92,969	573	(302,731)
Central	122,589		9,584	(113,005)
Operation of Non-Instructional Services	290,098	157,232	110,586	(22,280)
Extracurricular Activities	192,735	81,150		(111,585)
Capital Outlay	14,650			(14,650)
Principal Retirement	55,000			(55,000)
Interest and Fiscal Charges	66,322			(66,322)
Totals	\$6,082,454	\$741,966	\$809,497	(4,530,991)
 General Receipts:				
Property Taxes Levied for:				
General Purposes				734,648
Debt Service				127,205
Classroom Facilities Maintenance				16,373
Income Tax				870,373
Grants and Entitlements not Restricted to Specific Programs				3,100,722
Investment Earnings				134,093
Gifts and Donations				7,076
Miscellaneous				87,102
				5,077,592
Total General Receipts				5,077,592
Change in Net Assets				546,601
Net Assets at Beginning of Year				2,052,842
Net Assets at End of Year				\$2,599,443

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,865,746	\$678,352	\$2,544,098
Cash and Cash Equivalents with Fiscal Agent		8,504	8,504
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	46,841		46,841
Total Assets	\$1,912,587	\$686,856	\$2,599,443
 Fund Balances:			
Reserved for Encumbrances	\$167,294	\$74,196	\$241,490
Reserved for Textbooks and Instructional Materials	44,169		44,169
Reserved for Bus Purchases	2,672		2,672
Reserved for Contributions		9,000	9,000
Unreserved, Undesignated, Reported in:			
General Fund	1,698,452		1,698,452
Special Revenue Funds		172,591	172,591
Debt Service Fund		136,091	136,091
Capital Projects Funds		293,954	293,954
Permanent Fund		1,024	1,024
Total Fund Balances	\$1,912,587	\$686,856	\$2,599,443

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:			
Property Taxes	\$734,648	\$143,578	\$878,226
Income Tax	870,373		870,373
Intergovernmental	3,388,863	492,313	3,881,176
Investment Earnings	127,484	6,609	134,093
Charges for Services	92,969	157,232	250,201
Tuition and Fees	397,660	242	397,902
Extracurricular Activities	16,818	77,045	93,863
Gifts and Donations	1,381	34,738	36,119
Miscellaneous	19,237	67,865	87,102
Total Receipts	<u>5,649,433</u>	<u>979,622</u>	<u>6,629,055</u>
Disbursements:			
Current:			
Instruction:			
Regular	2,390,860	138,178	2,529,038
Special	551,161	98,547	649,708
Student Intervention Services	19,856		19,856
Support Services:			
Pupils	219,856	115,588	335,444
Instructional Staff	181,576	46,549	228,125
Board of Education	29,062		29,062
Administration	524,193	1,426	525,619
Fiscal	148,611	2,861	151,472
Business	2,926		2,926
Operation and Maintenance of Plant	473,537		473,537
Pupil Transportation	394,856	1,417	396,273
Central	110,730	11,859	122,589
Operation of Non-Instructional Services		290,098	290,098
Extracurricular Activities	139,322	53,413	192,735
Capital Outlay		14,650	14,650
Debt Service:			
Principal Retirement		55,000	55,000
Interest and Fiscal Charges		66,322	66,322
Total Disbursements	<u>5,186,546</u>	<u>895,908</u>	<u>6,082,454</u>
Excess of Receipts Over Disbursements	<u>462,887</u>	<u>83,714</u>	<u>546,601</u>
Other Financing Sources (Uses):			
Advances In		30,000	30,000
Transfers In		2,312	2,312
Advances Out	(30,000)		(30,000)
Transfers Out	(2,312)		(2,312)
Total Other Financing Sources (Uses)	<u>(32,312)</u>	<u>32,312</u>	
Net Change in Fund Balance	430,575	116,026	546,601
Fund Balances at Beginning of Year	<u>1,482,012</u>	<u>570,830</u>	<u>2,052,842</u>
Fund Balances at End of Year	<u>\$1,912,587</u>	<u>\$686,856</u>	<u>\$2,599,443</u>

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Property Taxes	\$724,671	\$733,546	\$734,648	\$1,102
Income Tax	800,000	870,000	870,373	373
Intergovernmental	3,491,186	3,370,900	3,388,863	17,963
Investment Earnings	97,646	101,500	126,678	25,178
Charges for Services	92,969	92,969	92,969	
Tuition and Fees	236,355	268,000	296,711	28,711
Extracurricular Activities	260	12,000	16,818	4,818
Gifts and Donations	2,030	1,375	1,381	6
Miscellaneous	28,154	5,756	6,131	375
Total Receipts	<u>5,473,271</u>	<u>5,456,046</u>	<u>5,534,572</u>	<u>78,526</u>
Disbursements:				
Current:				
Instruction:				
Regular	2,500,571	2,498,682	2,456,530	42,152
Special	560,675	561,915	570,972	(9,057)
Student Intervention Services	15,400	15,400	19,856	(4,456)
Support Services:				
Pupils	222,413	206,083	219,951	(13,868)
Instructional Staff	222,450	226,477	186,064	40,413
Board of Education	43,957	41,421	29,200	12,221
Administration	562,853	563,134	538,965	24,169
Fiscal	168,964	171,850	149,563	22,287
Business	2,843	6,000	2,926	3,074
Operation and Maintenance of Plant	597,615	591,212	514,347	76,865
Pupil Transportation	490,898	498,567	413,389	85,178
Central	114,285	121,536	113,027	8,509
Extracurricular Activities	145,000	146,000	139,322	6,678
Capital Outlay	2,000	2,000	2,000	
Total Disbursements	<u>5,649,924</u>	<u>5,650,277</u>	<u>5,354,112</u>	<u>296,165</u>
Excess of Receipts Over (Under) Disbursements	<u>(176,653)</u>	<u>(194,231)</u>	<u>180,460</u>	<u>374,691</u>
Other Financing Sources (Uses):				
Refund of Prior Year Disbursements	10,000	104,000	114,055	10,055
Advances In	10,000			
Advances Out	(35,000)	(30,000)	(30,000)	
Transfers Out		(2,400)	(2,312)	88
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>71,600</u>	<u>81,743</u>	<u>10,143</u>
Net Change in Fund Balances	(191,653)	(122,631)	262,203	384,834
Fund Balances at Beginning of Year	1,377,101	1,377,101	1,377,101	
Prior Year Encumbrances Appropriated	<u>102,928</u>	<u>102,928</u>	<u>102,928</u>	
Fund Balances at End of Year	<u>\$1,288,376</u>	<u>\$1,357,398</u>	<u>\$1,742,232</u>	<u>\$384,834</u>

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2007**

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	<u>\$59,301</u>	<u>\$40,592</u>
Liabilities:		
Current Liabilities:		
Due to Students	<u> </u>	<u>\$40,592</u>
Net Assets:		
Held in Trust for Scholarships	<u>\$59,301</u>	

See accompanying notes to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$1,231
Gifts and Contributions	5,710
Total Additions	<u>6,941</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>7,000</u>
Changes in Net Assets	(59)
Net Assets at Beginning of Year	<u>59,360</u>
Net Assets at End of Year	<u><u>\$59,301</u></u>

See accompanying notes to the basic financial statements.

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 federal guidelines.

The School District serves an area of approximately 14,698 acres. It is located in Miami and Darke Counties along with a portion of Shelby County, and includes all of the Village of Bradford and portions of Newberry, Newton, Wayne, Adams, Franklin and Loramie Townships.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements 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, 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 School District participates in four jointly governed organizations, one related organization, and three insurance purchasing pools. These organizations include the Upper Valley Joint Vocational School District, the Metropolitan Dayton Educational Cooperative Association, the Southwestern Ohio Educational Purchasing Council, the Southwestern Ohio Instructional Technology Association, the Bradford Public Library, the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan, and the Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Insurance Program. These organizations are presented in Notes 13, 14 and 15 to the basic financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Section C of Note 2, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

1. Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities of the School District that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

The Statement of Net Assets presents the cash balance of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the School District's general receipts.

2. Fund Financial Statements

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. The School District divides its funds into two categories: governmental and fiduciary.

1. Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following is the School District's major governmental fund:

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.

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

2. Fiduciary Funds:

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

C. Basis of Accounting

The School District's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. The School District reports liabilities of the Fiduciary Agency fund since these monies are due to others and not for the purpose of the District itself.

As a result of the use of this modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and for goods or services received but not yet paid, and accrued disbursements and liabilities) are not recorded in these financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The balance of grant activity administered and held by a fiscal agent is presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agent" and represents deposits of the Darke County Educational Service Center.

During fiscal year 2007, the School District's investments were limited to Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2007.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings credited to the General Fund during fiscal year 2007 amounted to \$127,484, which includes \$37,520 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash and cash equivalents.

E. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside for the purchase of textbooks and instructional materials and unspent receipts restricted for bus purchases.

F. Interfund Receivables/Payables

The School District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

G. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and State grants restricted to cash disbursement for specified purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Net Assets reports \$733,697 of restricted net assets, none of which is restricted by enabling legislation.

I. Fund Balance Reserves

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, textbooks and instructional materials, bus purchases, and contributions.

J. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund and function level for the General Fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within all funds.

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are: outstanding year-end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis); and unrecorded cash and disbursements, which represents amounts received and disbursed but not included on the budget basis Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis). These amounts are included as receipts and disbursements on the modified cash basis Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis.

The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
Modified Cash Basis	\$430,575
Unrecorded Cash - Fiscal Year 2007	(3,061)
Unrecorded Cash - Fiscal Year 2006	2,255
Unrecorded Disbursements - Fiscal Year 2006	(272)
Adjustment for Encumbrances	(167,294)
Budget Basis	\$262,203

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$291,263 of the School District's bank balance of \$562,274 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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

B. Investments

As of June 30, 2007, the School District had the following investments. All investments are in an internal investment pool.

	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-2</u>
Federal Home Loan Bank Bonds	\$798,437	\$ 498,437	\$300,000
Federal National Mortgage Association Notes	12,229	12,229	
STAR Ohio	1,529,762	1,529,762	
Totals	<u>\$2,340,428</u>	<u>\$2,040,428</u>	<u>\$300,000</u>

Interest Rate Risk – The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – The Federal Home Loan Bank Bonds and the Federal National Mortgage Association Notes carry a rating of AAA by Moody's. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer. The School District's investments in the Federal Home Loan Bank Bonds represent 34.11 percent of the School District's total investments.

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

6. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2007 (other than public utility property tax) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value listed as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Shelby, Darke, and Miami 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 Counties by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$38,213,250	94.22%	\$39,017,790	95.09%
Public Utility	1,366,250	3.37	1,326,930	3.23
General Business Personal	979,619	2.41	688,950	1.68
Total Assessed Value	<u>\$40,559,119</u>	<u>100.00%</u>	<u>\$41,033,670</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.92		\$35.47	

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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. 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 receipts are credited to the General Fund.

8. 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 2007, the School District joined together with other School Districts in Ohio to participate in the Southwestern Ohio Educational Purchasing Council Property, Fleet and Liability Insurance Program, an insurance purchasing pool (See Note 15).

Coverage is provided as follows:

Property (\$1,000 deductible, subject to scheduled limits)	\$300,000,000
Boiler and Machinery (\$2,500 deductible)	50,000,000
Auto Liability/Physical Damage (\$1,000 deductible)	1,000,000
Uninsured/Underinsured Motorists	1,000,000
General Liability (per occurrence/aggregate)	1,000,000/3,000,000
Educator Legal Liability (\$5,000 deductible, per occurrence/aggregate)	1,000,000
Umbrella Coverage (per occurrence/aggregate)	5,000,000

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

B. Workers' Compensation

For fiscal year 2007, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). 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 Intergrated Comp, Inc. provides administrative, cost control and actuarial services to the GRP.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

8. RISK MANAGEMENT (Continued)

C. Employee Medical Benefits

For fiscal year 2007, the School District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 15). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to the Southwestern Ohio Educational Purchasing Council (SOEPC). Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling toll-free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 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 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$82,722, \$94,401, and \$102,300, respectively; 100 percent has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005, were \$305,136, \$300,001, and \$304,150, respectively; 100 percent has been contributed for all three fiscal years. Contributions to the DC and Combined Plans for fiscal year 2007 were \$747 made by the School District and \$8,828 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2007, two members of the Board of Education have elected Social Security. The remaining Board members contribute to SERS. The Board's liability is 6.2 percent of wages paid.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

10. POST-EMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$23,472 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$37,395.

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 projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive health care benefits.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

11. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2007 were as follows:

	<u>Principal Outstanding 6/30/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/07</u>	<u>Amounts Due in One Year</u>
Governmental Activities					
School Improvement Bonds					
2000 - 4.30% - 5.25%	\$1,181,912	\$0	\$55,000	\$1,126,912	\$60,000

School Improvement General Obligation Bonds – The School District issued bonds in the amount of \$1,466,912 during fiscal year 2000. Of these bonds, \$530,000 are serial bonds, with maturity dates of December 1, 2000, to December 1, 2009, and \$925,000 are term bonds, with a maturity date of 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 \$70,000 and \$65,000, respectively. The bonds were issued for a 23-year period with final maturity to occur during fiscal year 2022. The bonds will be paid from the Bond Retirement Fund.

The School District's overall legal debt margin was \$2,611,485 with an unvoted debt margin of \$40,026 at June 30, 2007.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2007, are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Term Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 60,000	\$ 8,338				\$ 55,040
2009	65,000	5,103				55,040
2010	65,000	1,706				55,040
2011			\$6,813	\$ 63,187		55,040
2012			5,099	59,901		55,040
2013-2017					\$400,000	218,673
2018-2022					525,000	81,072
<u>Total</u>	<u>\$190,000</u>	<u>\$15,147</u>	<u>\$11,912</u>	<u>\$123,088</u>	<u>\$925,000</u>	<u>\$574,945</u>

12. INTERFUND ADVANCES AND TRANSFERS

The General Fund had outstanding advances of \$30,000 at June 30, 2007 to Other Governmental Funds. General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Restricted monies are used to reimburse the General Fund for advancing monies to other funds due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund reimburses the General Fund for the initial advance. All are expected to be repaid within one year.

The General Fund had transfers out to the Other Governmental Funds of \$2,312. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS

A. 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 representatives from each of the seven participating district's 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 local school districts: Piqua, Sidney, Troy and Shelby County Educational Service Center. During fiscal year 2006, the School District did not contribute any money to the Upper Valley Joint Vocational School District. To obtain financial information write to the Upper Valley Joint Vocational School, William Stump, who services as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

B. 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 in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member School Districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts with the exception of the Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. During fiscal year 2007, the School District paid \$16,616 to MDECA. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 225 Linwood Street, Dayton, Ohio 45405.

C. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made from the General Fund. During fiscal year 2007, the School District paid \$1,415 to the SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the following counties: 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 representative. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a State or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2007, the School District paid \$1,501 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Dave Gibson, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

14. 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 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 serves 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 East Main Street, Bradford, Ohio 45308.

15. INSURANCE PURCHASING POOLS

A. Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each fiscal 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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

15. INSURANCE PURCHASING POOLS (Continued)

B. Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

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

C. Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Insurance Program

The School District participates in the Southwestern Ohio Educational Purchasing Council Property, Fleet and Liability Insurance Program (PFL). The PFL's business and affairs are conducted by a six member committee consisting of various PFL representatives that are elected by the general assembly. The purpose of the Property, Fleet, and Liability Insurance Program of the SOEPC is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participating school districts.

16. 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Textbooks and Instructional Materials	Capital Improvements
Set-aside Reserve Balance June 30, 2006	\$19,255	(\$1,222,727)
Current Fiscal Year Set-aside Requirement	96,173	96,173
Qualifying Disbursements	(71,259)	(6,424)
Totals	<u>44,169</u>	<u>(1,132,978)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>44,169</u>	<u>(1,132,978)</u>
Set-aside Reserve Balance June 30, 2007	<u>\$44,169</u>	<u>\$ 0</u>

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

17. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement 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, 2007.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

18. DONOR RESTRICTED ENDOWMENTS

The School District's permanent fund and private purpose trust fund includes donor-restricted endowments. These assets are shown as non-expendable net assets to represent the principal portion of the endowment. The amount of net appreciation in donor-restricted investments that is available for expenditures by the governing body is shown as expendable net assets. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment of the permanent improvement fund indicates that the interest should be used for the kindergarten classroom. The endowments of the private purpose funds indicate that the interest should be used to provide scholarships.



Mary Taylor, CPA

Auditor of State

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

Bradford Exempted Village School District
Miami County
760 Railroad Avenue
Bradford, Ohio 45308

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Bradford Exempted Village School District (the School District) as of and for the years ended June 30, 2008 and 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 24, 2009 wherein, we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the School District's management in a separate letter dated March 24, 2009.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We did note certain noncompliance that we reported to the School District's management in a separate letter dated March 24, 2009.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, and the Board of Education. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 24, 2009

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Material Non-compliance

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Admin. Code Section 117-2-03 (B) requires School Districts to prepare their annual financial report in accordance with generally accepted accounting principles (GAAP). However, the Bradford Exempted Village School District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare its annual financial reports in accordance with generally accepted accounting principles.

Officials' Response:

After analyzing the cost of filing and having a GAAP report audited versus the benefit we would obtain and considering our current financial forecast and the economic outlook, it was decided to file a modified cash report. We felt the savings of our taxpayers money far outweighed the citation.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC Section 117.38/ OAC Section 117-2-03 (B)	No	Not Corrected; Repeated as Finding Number 2008-001.



Mary Taylor, CPA
Auditor of State

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
MAY 7, 2009**