



Mary Taylor, CPA
Auditor of State

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2009, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport Exempted Village School District, Belmont County, Ohio, as of June 30, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2010, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America 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.

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 8, 2010

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The management's discussion and analysis of the Bridgeport Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities increased \$72,332 which represents a 0.46% increase from 2008.
- General revenues accounted for \$5,791,626 in revenue or 70.85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,383,321 or 29.15% of total revenues of \$8,174,947.
- The District had \$8,102,615 in expenses related to governmental activities; \$2,383,321 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$5,791,626 were adequate to provide for these programs.
- The District has three major governmental funds. They are the general fund, debt service fund and classroom facilities fund. The general fund had \$6,037,758 in revenues and \$6,066,342 in expenditures and other financing uses. During fiscal year 2009, the general fund's fund balance deficit increased \$28,584 from a deficit of \$353,951 to a deficit of \$382,535.
- The debt service fund is a major fund of the District. The debt service fund had \$423,130 in revenues and other financing sources and \$459,205 in expenditures. During fiscal year 2009, the debt service fund's fund balance decreased \$36,075 from \$129,001 to \$92,926.
- The classroom facilities fund is a major fund of the District. The classroom facilities fund had \$13,962 in revenues and \$7,480 in expenditures. During fiscal year 2009, the classroom facilities fund's fund balance increased \$6,482 from \$1,041,884 to \$1,048,366.

Using the Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-56 of this report.

The District as a Whole

The table below provides a summary of the District's net assets for fiscal years 2009 and 2008.

	Net Assets	
	Governmental Activities 2009	Governmental Activities 2008
	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current and other assets	\$ 4,422,162	\$ 4,420,456
Capital assets, net	<u>19,419,677</u>	<u>19,452,074</u>
Total assets	<u>23,841,839</u>	<u>23,872,530</u>
<u>Liabilities</u>		
Current liabilities	2,630,901	2,431,432
Long-term liabilities	<u>5,416,314</u>	<u>5,718,806</u>
Total liabilities	<u>8,047,215</u>	<u>8,150,238</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	14,666,023	14,652,474
Restricted	1,540,717	1,805,404
Unrestricted (deficit)	<u>(412,116)</u>	<u>(735,586)</u>
Total net assets	<u>\$ 15,794,624</u>	<u>\$ 15,722,292</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$15,794,624. Of this total, \$1,540,717 is restricted in use.

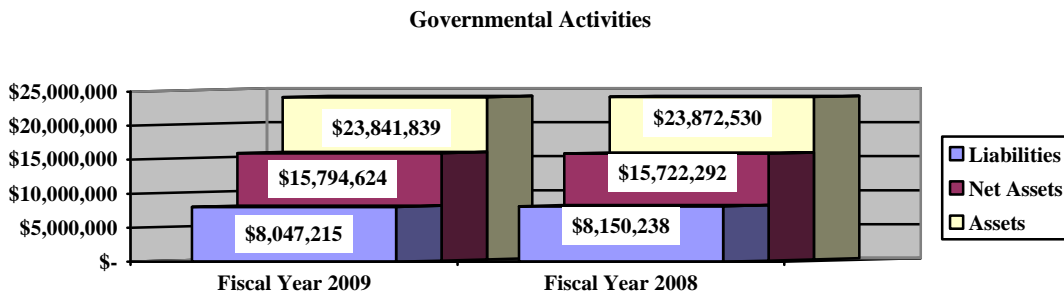
**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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At year-end, capital assets represented 81.45% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$14,666,023. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,540,717, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$412,116.

The graph below illustrates the governmental activities assets, liabilities and net assets at June 30, 2009 and 2008.



The table below shows the change in net assets for fiscal years 2009 and 2008.

Change in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Revenues		
Program revenues:		
Charges for services and sales	\$ 466,045	\$ 451,954
Operating grants and contributions	1,905,548	1,905,489
Capital grants and contributions	11,728	139,361
General revenues:		
Property taxes	1,596,218	1,854,465
Grants and entitlements	4,159,900	3,780,743
Investment earnings	26,423	26,502
Other	9,085	16,435
Total revenues	<u>8,174,947</u>	<u>8,174,949</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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Change in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
	<u>2009</u>	<u>2008</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 3,509,680	\$ 3,984,056
Special	1,208,660	1,138,022
Vocational	77,856	40,521
Other	109,905	163,722
Support services:		
Pupil	209,079	225,140
Instructional staff	291,066	252,722
Board of education	25,712	26,969
Administration	495,169	559,697
Fiscal	267,585	267,538
Business	41,581	38,435
Operations and maintenance	745,274	769,648
Pupil transportation	300,304	287,220
Central	10,532	10,519
Operations of non-instructional services:		
Food service operations	379,945	368,499
Other non-instructional services	73,682	92,443
Extracurricular activities	142,349	121,360
Interest and fiscal charges	<u>214,236</u>	<u>219,313</u>
Total expenses	<u>8,102,615</u>	<u>8,565,824</u>
Change in net assets	72,332	(390,875)
Net assets at beginning of year	<u>15,722,292</u>	<u>16,113,167</u>
Net assets at end of year	<u>\$ 15,794,624</u>	<u>\$ 15,722,292</u>

Governmental Activities

Net assets of the District's governmental activities increased \$72,332. Total governmental expenses of \$8,102,615 were offset by program revenues of \$2,383,321 and general revenues of \$5,791,626. Program revenues supported 29.41% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 70.41% of total governmental revenue.

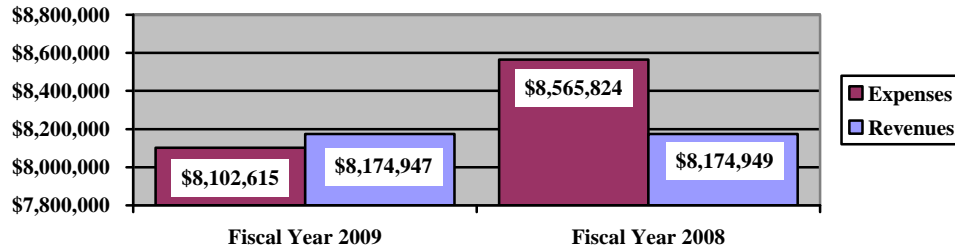
The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,906,101 or 60.55% of total governmental expenses for fiscal 2009.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2009 and 2008.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Program expenses				
Instruction:				
Regular	\$ 3,509,680	\$ 2,992,859	\$ 3,984,056	\$ 3,262,126
Special	1,208,660	343,153	1,138,022	303,096
Vocational	77,856	23,156	40,521	(14,620)
Other	109,905	(8,881)	163,722	24,074
Support services:				
Pupil	209,079	201,323	225,140	225,140
Instructional staff	291,066	150,705	252,722	118,254
Board of education	25,712	25,712	26,969	26,969
Administration	495,169	487,933	559,697	553,554
Fiscal	267,585	267,585	267,538	266,864
Business	41,581	36,984	38,435	33,944
Operations and maintenance	745,274	600,412	769,648	692,543
Pupil transportation	300,304	266,353	287,220	256,109
Central	10,532	10,129	10,519	10,010
Operations of non-instructional services:				
Food service operations	379,945	18,494	368,499	9,625
Other non-instructional services	73,682	(602)	92,443	13,878
Extracurricular activities	142,349	89,743	121,360	68,141
Interest and fiscal charges	214,236	214,236	219,313	219,313
Total expenses	<u>\$ 8,102,615</u>	<u>\$ 5,719,294</u>	<u>\$ 8,565,824</u>	<u>\$ 6,069,020</u>

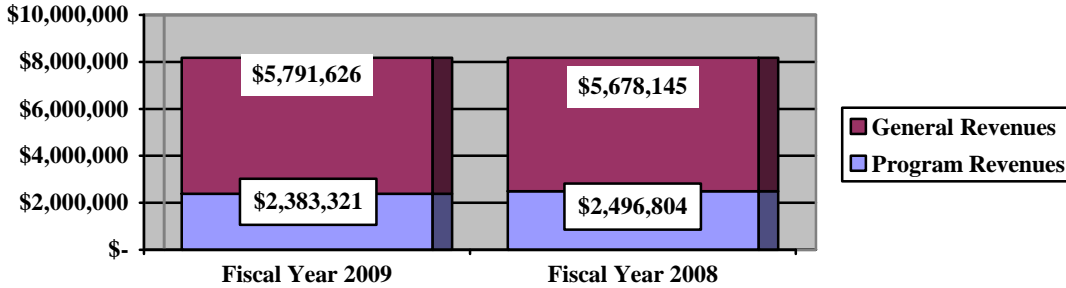
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BELMONT COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The dependence upon tax and other general revenues for governmental activities is apparent; 68.29% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 70.59%.

The graph below presents the District's governmental activities revenue for fiscal years 2009 and 2008.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$947,559, which is lower than last year's total of \$1,154,610. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance (Deficit) <u>June 30, 2009</u>	Fund Balance (Deficit) <u>June 30, 2008</u>	Increase/ (Decrease)	Percentage Change
General	\$ (382,535)	\$ (353,951)	\$ (28,584)	(8.08) %
Debt Service	92,926	129,001	(36,075)	(27.96) %
Classroom Facilities	1,048,366	1,041,884	6,482	0.62 %
Other Governmental	<u>188,802</u>	<u>337,676</u>	<u>(148,874)</u>	(44.09) %
Total	<u>\$ 947,559</u>	<u>\$ 1,154,610</u>	<u>\$ (207,051)</u>	(17.93) %

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

General Fund

The District's general fund balance decreased \$28,584. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2009 <u>Amount</u>	2008 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 1,220,512	\$ 1,478,372	\$ (257,860)	(17.44) %
Tuition	269,142	262,108	7,034	2.68 %
Earnings on investments	14,580	8,332	6,248	74.99 %
Intergovernmental	4,509,002	4,237,665	271,337	6.40 %
Other revenues	<u>24,522</u>	<u>22,600</u>	<u>1,922</u>	8.50 %
Total	<u>\$ 6,037,758</u>	<u>\$ 6,009,077</u>	<u>\$ 28,681</u>	0.48 %
<u>Expenditures</u>				
Instruction	\$ 3,811,651	\$ 3,569,469	\$ 242,182	6.78 %
Support services	2,106,543	2,130,140	(23,597)	(1.11) %
Extracurricular activities	87,674	85,294	2,380	2.79 %
Debt service	<u>15,948</u>	<u>16,600</u>	<u>(652)</u>	(3.93) %
Total	<u>\$ 6,021,816</u>	<u>\$ 5,801,503</u>	<u>\$ 220,313</u>	3.80 %

Taxes decreased as a result of the phase out of tangible personal property taxes. Earnings on investments increased due to an increase in investment balances during the year. Tuition revenues increased as a result of increased enrollment from other school districts. All other revenues and expenditures remained comparable to prior years.

Debt Service Fund

The debt service fund is a major fund of the District. The debt service fund had \$423,130 in revenues and other financing sources and \$459,205 in expenditures. During fiscal year 2009, the debt service fund's fund balance decreased \$36,075 from \$129,001 to \$92,926.

Classroom Facilities Fund

The classroom facilities fund is a major fund of the District. The classroom facilities fund had \$13,962 in revenues and \$7,480 in expenditures. During fiscal year 2009, the classroom facilities fund's fund balance increased \$6,482 from \$1,041,884 to \$1,048,366.

General Fund Budgeting Highlights

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

Original and Final budgeted revenues and other financing sources were \$6,012,786. Actual revenues and other financing sources for fiscal 2009 was \$6,190,636. This represents a \$177,850 increase from final budgeted revenues. General fund original and final appropriations (appropriated expenditures including other financing uses) were \$6,119,722 and \$6,169,722, respectively. The actual budget basis expenditures for fiscal year 2009 totaled \$6,137,677, which was \$32,045 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2009, the District had \$19,419,677 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2009 balances compared to 2008:

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

	Governmental Activities	
	2009	2008
Land	\$ 823,169	\$ 823,169
Land improvements	228,414	211,361
Building and improvements	17,893,007	17,903,550
Furniture and equipment	356,031	362,188
Vehicles	119,056	151,806
Total	\$ 19,419,677	\$ 19,452,074

The overall decrease in capital assets of \$32,397 is due to depreciation expense of \$460,225 exceeding capital outlays of \$427,828 in the fiscal year.

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

Debt Administration

At June 30, 2009, the District had \$36,396 in capital lease obligations, \$4,470,000 in general obligation bonds outstanding and \$110,000 in notes payable. Of this total, \$129,569 is due within one year and \$4,486,827 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2009	Governmental Activities 2008
	2009	2008
Capital lease obligations	\$ 36,396	\$ 50,307
General obligation bonds	4,470,000	4,585,000
Notes payable	110,000	120,000
Total	\$ 4,616,396	\$ 4,755,307

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

Current Financial Related Activities

The vision of the District, in recognizing that it takes a community to raise a child, is to develop a collaboration with parents, school and community that will help students achieve their fullest potential.

The Board of Education and Administration work diligently to provide the educational resources and personnel need to provide excellent educational opportunities.

In June of 2003, the District approved a resolution to participate in the Ohio School Facilities Commission Classroom Facilities Assistance Program. The District was approved to build a new Pre K-12 building with a budget of \$19,983,257, with the state contributing \$15,986,257, eighty percent of the cost and the District contributing \$3,997,000, twenty percent of the cost. In March 2004, 57% of the community voted to approve a 5.67 mil Bond issue. The Bond issue consisted of three separate issues: 3.71 mils for local share of the Ohio School Facilities Program, 1.86 mils for the acquisition of the site, and .1 mils for locally funded initiative (LFI) for administrative offices. The District completed the project during 2007 and moved into its new building on January 8, 2007.

Contacting the District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,934,652
Cash with fiscal agent.	173,741
Receivables:	
Taxes	2,057,037
Accounts	32
Intergovernmental	122,588
Accrued interest	95
Prepayments	2,953
Materials and supplies inventory	25,012
Loans.	11,203
Unamortized bond issue costs	94,849
Capital assets:	
Land	823,169
Depreciable capital assets, net	18,596,508
Capital assets, net	19,419,677
Total assets.	23,841,839
Liabilities:	
Accounts payable.	55,319
Accrued wages and benefits	718,164
Pension obligation payable.	140,028
Intergovernmental payable	12,762
Accrued interest payable	20,806
Claims payable	12,749
Unearned revenue.	1,671,073
Long-term liabilities:	
Due within one year.	288,622
Due within more than one year	5,127,692
Total liabilities	8,047,215
Net Assets:	
Invested in capital assets, net of related debt.	14,666,023
Restricted for:	
Capital projects	1,166,459
Debt service.	133,620
Classroom facilities maintenance	178,563
Locally funded programs	5
State funded programs.	5,447
Federally funded programs	1,444
Student activities.	17,225
Public school support	3,515
Other purposes	34,439
Unrestricted (deficit)	(412,116)
Total net assets	\$ 15,794,624

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 3,509,680	\$ 271,970	\$ 244,851	\$ -	\$ (2,992,859)
Special	1,208,660	-	865,507	-	(343,153)
Vocational	77,856	-	54,700	-	(23,156)
Other	109,905	-	118,786	-	8,881
Support services:					
Pupil.	209,079	-	7,756	-	(201,323)
Instructional staff	291,066	-	140,361	-	(150,705)
Board of education	25,712	-	-	-	(25,712)
Administration.	495,169	-	7,236	-	(487,933)
Fiscal.	267,585	-	-	-	(267,585)
Business.	41,581	-	4,597	-	(36,984)
Operations and maintenance	745,274	2,784	142,078	-	(600,412)
Pupil transportation.	300,304	14,937	7,286	11,728	(266,353)
Central	10,532	-	403	-	(10,129)
Operation of non-instructional services:					
Food service operations	379,945	123,796	237,655	-	(18,494)
Other non-instructional services	73,682	-	74,284	-	602
Extracurricular activities.	142,349	52,558	48	-	(89,743)
Interest and fiscal charges	214,236	-	-	-	(214,236)
Total governmental activities	\$ 8,102,615	\$ 466,045	\$ 1,905,548	\$ 11,728	(5,719,294)

General Revenues:

Property taxes levied for:	
General purposes	1,253,837
Special revenue.	34,586
Debt service.	266,422
Capital projects	41,373
Grants and entitlements not restricted	
to specific programs	4,159,900
Investment earnings	26,423
Miscellaneous	9,085
Total general revenues.	5,791,626
Change in net assets	72,332
Net assets at beginning of year	15,722,292
Net assets at end of year	\$ 15,794,624

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 354,134	\$ 90,358	\$ 1,048,366	\$ 407,355	\$ 1,900,213
Receivables:					
Taxes	1,623,387	341,460	-	92,190	2,057,037
Accounts	28	-	-	4	32
Intergovernmental	2,112	-	-	120,476	122,588
Accrued interest	95	-	-	-	95
Interfund receivable.	9,300	-	-	-	9,300
Loans.	11,203	-	-	-	11,203
Prepayments	2,953	-	-	-	2,953
Materials and supplies inventory	21,045	-	-	3,967	25,012
Restricted assets:					
Equity in pooled cash and cash equivalents	34,439	-	-	-	34,439
Total assets	<u>\$ 2,058,696</u>	<u>\$ 431,818</u>	<u>\$ 1,048,366</u>	<u>\$ 623,992</u>	<u>\$ 4,162,872</u>
Liabilities:					
Accounts payable	\$ 45,124	\$ -	\$ -	\$ 10,195	\$ 55,319
Accrued wages and benefits	533,926	-	-	184,238	718,164
Early retirement incentive payable	146,442	-	-	-	146,442
Pension obligation payable.	93,901	-	-	46,127	140,028
Intergovernmental payable.	9,360	-	-	3,402	12,762
Interfund payable.	-	-	-	9,300	9,300
Deferred revenue.	293,689	61,500	-	107,036	462,225
Unearned revenue	1,318,789	277,392	-	74,892	1,671,073
Total liabilities	<u>2,441,231</u>	<u>338,892</u>	<u>-</u>	<u>435,190</u>	<u>3,215,313</u>
Fund Balances:					
Reserved for encumbrances	15,715	-	6,426	59,586	81,727
Reserved for materials and supplies inventory.	21,045	-	-	3,967	25,012
Reserved for prepayments	2,953	-	-	-	2,953
Reserved for property tax unavailable for appropriation	12,211	2,568	-	694	15,473
Reserved for debt service.	-	90,358	-	-	90,358
Reserved for school bus purchases	34,439	-	-	-	34,439
Unreserved, undesignated (deficit), reported in:					
General fund	(468,898)	-	-	-	(468,898)
Special revenue funds.	-	-	-	73,408	73,408
Capital projects funds.	-	-	1,041,940	51,147	1,093,087
Total fund balances	<u>(382,535)</u>	<u>92,926</u>	<u>1,048,366</u>	<u>188,802</u>	<u>947,559</u>
Total liabilities and fund balances	<u>\$ 2,058,696</u>	<u>\$ 431,818</u>	<u>\$ 1,048,366</u>	<u>\$ 623,992</u>	<u>\$ 4,162,872</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total governmental fund balances		\$ 947,559
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,419,677
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 370,491	
Intergovernmental revenue receivable	91,639	
Accrued interest receivable	<u>95</u>	
Total		462,225
Unamortized premiums on bond issuance is not recognized in the funds.		(137,258)
Unamortized bond issuance costs are not recognized in the funds.		94,849
In the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.		(20,806)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.		160,992
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(403,249)	
Early retirement incentive payable	(112,969)	
Bonds payable	(4,470,000)	
Notes payable	(110,000)	
Capital lease obligation payable	<u>(36,396)</u>	
Total		<u>(5,132,614)</u>
Net assets of governmental activities		<u><u>\$ 15,794,624</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 1,220,512	\$ 259,357	\$ -	\$ 69,991	\$ 1,549,860
Tuition.	269,142	-	-	-	269,142
Transportation fees	14,937	-	-	-	14,937
Charges for services.	-	-	-	123,573	123,573
Earnings on investments.	14,580	1,936	6,482	33	23,031
Extracurricular.	-	-	-	56,775	56,775
Other local revenues.	9,585	-	-	1,342	10,927
Intergovernmental - State.	4,488,116	51,837	7,480	830,706	5,378,139
Intergovernmental - Federal	20,886	-	-	748,567	769,453
Total revenues.	6,037,758	313,130	13,962	1,830,987	8,195,837
Expenditures:					
Current:					
Instruction:					
Regular	3,069,495	-	-	288,880	3,358,375
Special.	659,559	-	-	508,200	1,167,759
Vocational.	82,597	-	-	-	82,597
Other.	-	-	-	105,640	105,640
Support services:					
Pupil.	210,257	-	-	8,500	218,757
Instructional staff	158,230	-	-	134,725	292,955
Board of education	20,474	-	-	3,300	23,774
Administration.	505,322	-	-	7,193	512,515
Fiscal	253,773	8,215	-	2,237	264,225
Business	-	-	-	42,805	42,805
Operations and maintenance.	684,259	-	-	65,049	749,308
Pupil transportation	267,447	-	-	-	267,447
Central.	6,781	-	-	3,751	10,532
Operation of non-instructional services:					
Food service operations	-	-	-	350,620	350,620
Other non-instructional services.	-	-	-	73,682	73,682
Extracurricular activities.	87,674	-	-	51,497	139,171
Facilities acquisition and construction	-	-	7,480	378,308	385,788
Debt service:					
Principal retirement	13,911	235,000	-	-	248,911
Interest and fiscal charges	2,037	215,990	-	-	218,027
Total expenditures	6,021,816	459,205	7,480	2,024,387	8,512,888
Excess/(deficiency) of revenues over/(under) expenditures.	15,942	(146,075)	6,482	(193,400)	(317,051)
Other financing sources (uses):					
Transfers in	-	-	-	44,526	44,526
Transfers (out).	(44,526)	-	-	-	(44,526)
Sale of notes.	-	110,000	-	-	110,000
Total other financing sources (uses)	(44,526)	110,000	-	44,526	110,000
Net change in fund balances	(28,584)	(36,075)	6,482	(148,874)	(207,051)
Fund balances (deficit) at beginning of year	(353,951)	129,001	1,041,884	337,676	1,154,610
Fund balances (deficit) at end of year	\$ (382,535)	\$ 92,926	\$ 1,048,366	\$ 188,802	\$ 947,559

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds \$ (207,051)

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

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

Capital asset additions	\$	427,828	
Current year depreciation		(460,225)	
Total			(32,397)

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

Taxes		46,358	
Intergovernmental revenue		(70,673)	
Accrued interest		(602)	
Total			(24,917)

Notes are recorded as an other financing source in the funds, however, in the statement of activities they are not reported as revenues as they increase the liabilities on the statement of net assets (110,000)

Repayment of bond, lease and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 248,911

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:

Decrease in accrued interest payable		1,907	
Amortization of bond premium		6,100	
Amortization of bond issue costs		(4,216)	
Total			3,791

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

Compensated absences		4,294	
Early retirement incentive		146,422	
Total			150,716

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities. 43,279

Change in net assets of governmental activities \$ 72,332

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 1,415,500	\$ 1,415,500	\$ 1,369,170	\$ (46,330)
Tuition.	260,000	260,000	269,142	9,142
Transportation fees.	10,000	10,000	14,937	4,937
Earnings on investments.	10,000	10,000	10,281	281
Other local revenues	10,000	10,000	9,653	(347)
Intergovernmental - State	4,302,600	4,302,600	4,490,880	188,280
Intergovernmental - Federal.	2,000	2,000	20,886	18,886
Total revenues.	<u>6,010,100</u>	<u>6,010,100</u>	<u>6,184,949</u>	<u>174,849</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,055,167	3,080,129	3,064,131	15,998
Special.	669,100	674,567	671,063	3,504
Vocational.	89,279	90,009	89,541	468
Support services:				
Pupil.	217,562	219,339	218,200	1,139
Instructional staff	153,617	154,872	154,068	804
Board of education	22,111	22,292	22,176	116
Administration.	504,539	508,661	506,019	2,642
Fiscal	252,779	254,845	253,521	1,324
Operations and maintenance.	724,800	730,722	726,927	3,795
Pupil transportation	268,641	270,836	269,429	1,407
Central.	6,761	6,816	6,781	35
Extracurricular activities.	86,317	87,022	86,570	452
Total expenditures	<u>6,050,673</u>	<u>6,100,110</u>	<u>6,068,426</u>	<u>31,684</u>
Excess/(deficiency) of revenues over/(under) expenditures.	<u>(40,573)</u>	<u>(90,010)</u>	<u>116,523</u>	<u>206,533</u>
Other financing sources (uses):				
Refund of prior year receipt.	(1,222)	(1,231)	(1,225)	6
Transfers (out)	(44,396)	(44,758)	(44,526)	232
Advances in.	2,686	2,686	5,687	3,001
Advances (out)	(23,431)	(23,623)	(23,500)	123
Total other financing sources (uses)	<u>(66,363)</u>	<u>(66,926)</u>	<u>(63,564)</u>	<u>3,362</u>
Net change in fund balance	(106,936)	(156,936)	52,959	209,895
Fund balance at beginning of year.	159,527	159,527	159,527	-
Prior year encumbrances appropriated	119,722	119,722	119,722	-
Fund balance at end of year.	<u>\$ 172,313</u>	<u>\$ 122,313</u>	<u>\$ 332,208</u>	<u>\$ 209,895</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Current assets:	
Cash with fiscal agent	\$ 173,741
Total assets	<u>173,741</u>
Liabilities:	
Current liabilities:	
Claims payable	<u>12,749</u>
Total liabilities	<u>12,749</u>
Net assets:	
Unrestricted.	<u>160,992</u>
Total net assets	<u>\$ 160,992</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Governmental Activities - Internal Service Fund
	<hr/>
Operating revenues:	
Charges for services	\$ 358,930
Total operating revenues.	<hr/> 358,930 <hr/>
Operating expenses:	
Purchased services	14,407
Claims	<hr/> 305,271
Total operating expenses.	<hr/> 319,678 <hr/>
Operating income.	<hr/> 39,252 <hr/>
Nonoperating revenues:	
Interest revenue	<hr/> 4,027
Total nonoperating revenues.	<hr/> 4,027 <hr/>
Change in net assets	43,279
Net assets at beginning of year	117,713
Net assets at end of year.	<hr/> \$ 160,992 <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services.	\$ 358,930
Cash payments for purchased services.	(14,407)
Cash payments for claims	(313,638)
	30,885
Cash flows from investing activities:	
Interest received.	4,027
	4,027
Net increase in cash and cash equivalents	34,912
Cash and cash equivalents at beginning of year . . .	138,829
Cash and cash equivalents at end of year.	\$ 173,741
Reconciliation of operating income to net cash provided by operating activities:	
Operating income.	\$ 39,252
Changes in assets and liabilities:	
Decrease in claims payable	(8,367)
Net cash provided by operating activities.	\$ 30,885

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 307,160	\$ 34,777
Total assets.	307,160	\$ 34,777
Liabilities:		
Accounts payable.	28	\$ 2,323
Loans	11,200	3
Due to students	-	32,451
Total liabilities	11,228	\$ 34,777
Net Assets:		
Held in trust for scholarships	295,932	
Total net assets	\$ 295,932	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest	\$ 10,792
Gifts and contributions.	47,087
	<hr/>
Total additions.	57,879
	<hr/>
Deductions:	
Scholarships awarded	30,219
	<hr/>
Change in net assets	27,660
Net assets at beginning of year	268,272
	<hr/>
Net assets at end of year	\$ 295,932
	<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1856 through the consolidation of existing land areas and school districts. The District currently ranks as the 563rd largest in terms of total enrollment among the 922 public and community school districts in the State of Ohio. The District is staffed by 10 administrative, 34 non-certified employees and 56 certified full-time teaching personnel who provide services to 693 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Belmont Harrison Career Center (Career Center)

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

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

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

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

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

OME-RESA is owned and operated by 49 member districts in 10 different Ohio counties. The member districts are comprised of public districts and county Boards of Education. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors.

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

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the "Coalition") is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Coalition. The District's membership fee was \$300 for fiscal year 2009.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

PUBLIC ENTITY RISK POOLS

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

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program. Refer to Note 12.B. for further information on this group rating program.

Schools of Ohio Risk Sharing Authority

The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA’s business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District’s property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

B. Fund Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

GOVERNMENTAL FUNDS

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

The following are the District's major governmental funds:

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

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

Classroom Facilities Fund - The Classroom Facilities Fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by the classroom facilities, proprietary and trust funds, (b) for grants and other resources whose use is restricted to a particular purpose, and (c) for food service operations.

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

D. Basis of Accounting

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2009, have also been reported as deferred revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

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

E. Budgetary Process

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

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

TAX BUDGET

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing tax rates.

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

ESTIMATED RESOURCES

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. By July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during fiscal year 2009.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

APPROPRIATIONS

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

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

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board during fiscal year 2009.

The budget figures which appear in the statement of budgetary comparisons represent the original and final appropriation amounts that were approved by the Board prior to June 30, 2009. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

ENCUMBRANCES

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

LAPSING OF APPROPRIATIONS

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

F. Cash and Investments

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

During fiscal year 2009, investments were limited to negotiable and non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAROhio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit are reported at cost. Negotiable certificates of deposit are reported at fair market value.

The District has invested funds in STAROhio during fiscal year 2009. 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 shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, the auxiliary services special revenue fund, and the private-purpose trust funds. The food service fund receives interest earnings based upon Federal mandate and the self-insurance internal service fund receives interest earnings as the amount is held by a fiscal agent in an interest bearing account separate from the District's internal investment pool. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$14,580, which includes \$8,815 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months which are not purchased from the cash management pool, are reported as investments. An analysis of the District's investment account at year-end is provided in Note 4.

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivable/payable.” These amounts are eliminated in the governmental activities column on the statement of net assets.

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

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2009, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Unamortized Bond Issuance Costs/Premium

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

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

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10.A.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property tax revenue unavailable for appropriation, debt service and school bus purchases. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

N. Operating Revenues and Expenses

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

O. Net Assets

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

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

P. Prepayments

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

Q. Estimates

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

R. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts reserved for school bus purchases. See Note 17 for details.

S. Interfund Activity

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
General fund	\$ 382,535
<u>Nonmajor funds</u>	
Food service	3,369
Auxiliary services	715
Public school preschool	8,716
Poverty aid	13,481
Title VI-B	24,806
Title VI	53,524

These funds complied with State law, which does not permit a cash basis deficit at year-end. These deficit fund balances result from adjustments for accrued liabilities. The deficit balance in the general fund will be eliminated by resources not recognized or recorded at fiscal year end.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash With Fiscal Agent

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2009, was \$173,741.

B. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$1,386,803. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$993,851 of the District's bank balance of \$1,456,016 was exposed to custodial risk as discussed below, while \$462,165 was covered by the FDIC.

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

C. Investments

As of June 30, 2009, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
Negotiable certificate of deposit	\$ 100,876	\$ -	\$ -	\$ -	\$ 100,876
STAROhio	788,910	788,910	-	-	-
Total	\$ 889,786	\$ 788,910	\$ -	\$ -	\$ 100,876

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The weighted average maturity of investments is 0.19 years.

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

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

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable certificates of deposit	\$ 100,876	11.34
STAROhio	788,910	88.66
Total	<u>\$ 889,786</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,386,803
Investments	889,786
Cash with fiscal agent	173,741
Total	<u>\$ 2,450,330</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,108,393
Private-purpose trust funds	307,160
Agency funds	34,777
Total	<u>\$ 2,450,330</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2009 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 9,300

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

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

- B. Interfund transfers for the year ended June 30, 2009, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 44,526

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

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

- C. Loans between governmental funds and fiduciary funds are reported as a “loans receivable/payable” on the financial statements. The District had the following loans outstanding at fiscal year-end:

<u>Loan from</u>	<u>Loan to</u>	<u>Amount</u>
General fund	Agency	\$ 3
General fund	Private-purpose trust	11,200
Total		<u>\$11,203</u>

These loans are expected to be repaid in the subsequent year as resources become available in the fiduciary funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes.

Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Belmont County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$12,211 in the general fund, \$2,568 in the debt service fund and \$694 in the permanent improvement capital projects fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2008 was \$160,869 in the general fund, \$33,802 in the debt service fund and \$6,605 in the permanent improvement capital projects fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 65,980,060	90.52	\$ 66,415,930	92.23
Public utility personal	4,059,330	5.57	4,067,270	5.65
Tangible personal property	<u>2,851,580</u>	<u>3.91</u>	<u>1,528,470</u>	<u>2.12</u>
Total	<u>\$ 72,890,970</u>	<u>100.00</u>	<u>\$ 72,011,670</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$44.21		\$44.21	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billing for users charged services and students fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 2,057,037
Accounts	32
Intergovernmental	122,588
Accrued interest	<u>95</u>
Total	<u>\$ 2,179,752</u>

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

NOTE 8 - CAPITAL ASSETS

A. Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS (Continued)

	Balance			Balance
	<u>06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/09</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 823,169	\$ -	\$ -	\$ 823,169
Total capital assets, not being depreciated	<u>823,169</u>	<u>-</u>	<u>-</u>	<u>823,169</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	342,639	29,875	-	372,514
Buildings and improvements	18,571,710	372,385	-	18,944,095
Furniture and equipment	429,414	25,568	-	454,982
Vehicles	531,292	-	-	531,292
Total capital assets, being depreciated	<u>19,875,055</u>	<u>427,828</u>	<u>-</u>	<u>20,302,883</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(131,278)	(12,822)	-	(144,100)
Buildings and improvements	(668,160)	(382,928)	-	(1,051,088)
Furniture and equipment	(67,226)	(31,725)	-	(98,951)
Vehicles	(379,486)	(32,750)	-	(412,236)
Total accumulated depreciation	<u>(1,246,150)</u>	<u>(460,225)</u>	<u>-</u>	<u>(1,706,375)</u>
Governmental activities capital assets, net	<u>\$ 19,452,074</u>	<u>\$ (32,397)</u>	<u>\$ -</u>	<u>\$ 19,419,677</u>

B. Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 297,572
Special	23,274
Vocational	2,327
Other	4,655
<u>Support services:</u>	
Pupil	4,655
Board of education	1,938
Administration	16,059
Fiscal	1,939
Operations and maintenance	39,801
Pupil transportation	34,912
Food service operations	30,697
Extracurricular activities	2,396
Total depreciation expense	<u>\$ 460,225</u>

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for copier equipment. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$110,900. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2009 was \$27,679, leaving a current book value of \$83,221. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2009 totaled \$13,911 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2009:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 15,948
2011	15,948
2012	<u>6,645</u>
Total minimum lease payments	38,541
Less: amount representing interest	<u>(2,145)</u>
Total	<u>\$ 36,396</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2009, the following activity occurred in governmental activities long-term obligations:

	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
	<u>06/30/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/09</u>	<u>Due in</u>
					<u>One Year</u>
Governmental activities:					
Compensated absences payable	\$ 414,288	\$ 30,024	\$ (41,063)	\$ 403,249	\$ 12,611
Early retirement incentive payable	405,853	-	(146,442)	259,411	146,442
Notes payable - 4.40%	120,000	-	(120,000)	-	-
Notes payable - 3.20%	-	110,000	-	110,000	-
General obligation bonds payable:					
Serial Bonds 2.0% - 3.50%	875,000	-	(115,000)	760,000	115,000
Term Bonds 4.75% - 5.375%	3,710,000	-	-	3,710,000	-
Capital lease obligation	<u>50,307</u>	<u>-</u>	<u>(13,911)</u>	<u>36,396</u>	<u>14,569</u>
Total governmental activities long-term liabilities	<u>\$ 5,575,448</u>	<u>\$ 140,024</u>	<u>\$ (436,416)</u>	5,279,056	<u>\$ 288,622</u>
Add: Unamortized premium on bonds				<u>137,258</u>	
Total on statement of net assets				<u>\$ 5,416,314</u>	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

Compensated absences and early retirement incentives: Compensated absences and early retirement incentives will be paid from the fund from which the employees' salaries are paid, which primarily consist of the general fund and the following nonmajor governmental funds: food service, poverty aid, title VI-B, title I, and disadvantaged pupil impact aid special revenue funds.

- B.** On November 9, 2004 the District issued general obligation bonds to provide funds for constructing and improving school facilities (hereinafter called "Construction Project"). These bonds are general obligations of the District for which full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations are accounted for on the statement of net assets. Payments of principal and interest relating to this bond are recorded as an expenditure of the debt service fund. The source of payment is derived from a current 5.67 mil bonded tax levy for the construction project.

A portion of the bonds, \$3,997,000, represent the amount of the construction project that the District itself was required to finance (approximately 81% of the total of the bonds), in accordance with the terms of a facilities grant from the Ohio School Facilities Commission (OSFC). The project was completed during fiscal year 2007.

The remaining portion of the bond issue (approximately 19% of the total bonds), \$910,000, were used to finance additional improvements (\$100,000) and to acquire a site for classroom facilities (\$810,000), that will not be covered under in the contract with OSFC.

The bond was issued for a twenty-seven year period with a final maturity at December 31, 2031. Interest payments on the bonds are due on June 1 and December 1 of each year and principal payments are due on December 1 of each year.

The 2005 bond issue is comprised of serial and term bonds. The term bonds that mature December 1, 2019 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2015, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2015	\$ 140,000
2016	150,000
2017	155,000
2018	165,000

Unless otherwise called for redemption, the remaining principal amount of such bonds \$175,000 will be paid at stated maturity on December 1, 2019.

The term bonds that mature December 1, 2024 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2020, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

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BELMONT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

B. (Continued)

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2020	\$ 185,000
2021	195,000
2022	205,000
2023	215,000

The remaining principal amount of such bonds \$225,000 will be paid at stated maturity on December 1, 2024.

The term bonds that mature December 1, 2031 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2025, and on each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2025	\$ 235,000
2026	245,000
2027	260,000
2028	270,000
2029	285,000
2030	295,000

The remaining principal amount of such bonds \$310,000 will be paid at stated maturity on December 1, 2031.

Optional Redemption:

Bonds maturing on or after December 1, 2019 are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after December 1, 2014, at par, which is 100% of the principal amount of the bonds.

When partial redemption is authorized, the Bonds or portions thereof will be selected by lot within a maturity in such manner as the Bond Registrar may determine, provided, however, that the portion of any such Bond so selected will be in the amount of \$5,000 or any integral multiple thereof.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. (Continued)

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2010	\$ 115,000	\$ 207,691	\$ 322,691
2011	120,000	204,281	324,281
2012	125,000	200,481	325,481
2013	130,000	196,369	326,369
2014	135,000	191,978	326,978
2015 - 2019	745,000	863,814	1,608,814
2020 - 2024	975,000	639,172	1,614,172
2025 - 2028	1,235,000	363,917	1,598,917
2029 - 2032	890,000	64,600	954,600
Total	\$ 4,470,000	\$ 2,932,303	\$ 7,402,303

D. The District had the following note activity during fiscal year 2009:

	Issue Date	Maturity Date	Interest Rates	Balance 06/30/08	Additions	Reductions	Balance 06/30/09
School Improvement	07/19/07	07/18/08	4.40%	\$ 120,000	\$ -	\$ (120,000)	\$ -
School Improvement	07/17/08	07/16/09	3.20%	-	110,000	-	110,000
				<u>\$ 120,000</u>	<u>\$ 110,000</u>	<u>\$ (120,000)</u>	<u>\$ 110,000</u>

These notes are considered long-term in accordance with GASB Statement No. 34 and are for capital acquisition and construction. The notes outstanding at June 30, 2009, will be retired with proceeds of notes issued on July 9, 2009 (see Note 16.C. to the notes to the basic financial statements for detail.)

E. The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$1,655,178 (including available funds of \$92,926) and an unvoted debt margin of \$67,025.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 5 to 15 days of vacation per year, depending upon length of service. The high school principal, director of maintenance and superintendent earn 20 days of vacation per year and the treasurer earns 20 days of vacation per year. Vacation days are to be used each year. Classified employees can not carry over days. Administrative staff can carry over a maximum of 10 days. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and the elementary principals do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of fifteen days per year for all personnel. The total lifetime maximum sick leave accumulation for certified and classified employees is 300 days and 280 days, respectively. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 69 days for certified employees and 60 days for classified employees. In addition, upon retirement, a certified employee is entitled to receive an additional severance payment of \$5.00 per day for 75% of the accrued but unused sick leave days not calculated in the severance payment. Classified employees are entitled to receive an additional payment of \$5.00 per day for the entire balance of the accrued but unused sick leave days not calculated in the severance payment.

B. Early Retirement Incentive

During fiscal year 2007, the District implemented an Early Retirement Incentive plan (ERI). Employees electing to participate in the ERI may choose to be paid in equal amounts over two or four years. Furthermore, employees may choose to be rehired under one or two year contracts. All employees who elect these plans must have done so by May 4, 2007. As of June 30, 2009, 10 employees have elected to participate in the ERI. The ERI liability as of June 30, 2009 is \$259,411, with \$146,442 due in fiscal year 2010.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the District contracted with Schools of Ohio Risk Sharing Authority (SORSA), administered by McBane Insurance Agency for general liability, property, and fleet insurance. Liability coverage is limited to \$4,000,000 per claim and \$6,000,000 in the aggregate. Property insurance carries a limitation of \$21,146,056 in the aggregate with a \$500 deductible.

The Perkins athletic facility is exposed to flood risk. During fiscal year 2009, the District contracted with Selective Insurance Company of Southeast for flood insurance. The field house limitation on this insurance was \$172,200 for building damage and \$16,900 for contents damage with a \$1,000 deductible for both. The concession stand building and its contents are also covered under a separate policy with limitations of \$23,700 for building and \$2,800 for contents damage with a \$1,000 deductible. The fieldhouse and its contents are also covered under a separate policy with limitations of \$19,400 for building and \$13,200 for content damage with a \$1,000 deductible. The grandstand and its

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 12 - RISK MANAGEMENT (Continued)

contents are also covered under a separate policy with limitations of \$187,200 for building and \$17,700 for content damage with a \$1,000 deductible.

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

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

B. Workers' Compensation

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

C. Medical and Ancillary Insurance

The District contracts with The Health Plan of the Upper Ohio Valley for hospitalization insurance for all employees. The District pays up to \$975 of the total monthly premiums for family and ancillary coverage and up to \$470 for individual and ancillary coverage for all certified and classified employees.

D. Dental, Vision and Life Insurance

Dental, vision, prescription and life insurance are offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of several school districts within the Eastern Region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$12,749 reported in the internal service fund at June 30, 2009, is based on an estimate provided by Self Funded Plans, Inc. (the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims</u>	<u>Payments</u>	<u>Ending Balance</u>
2009	\$ 21,116	\$ 305,271	\$ (313,638)	\$ 12,749
2008	14,537	354,710	(348,131)	21,116

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$72,206, \$71,848 and \$82,232, respectively; 43.68 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 13 - PENSION PLANS (Continued)

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

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$394,827, \$372,788 and \$390,147, respectively; 84.86 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$2,286 made by the District and \$10,178 made by the plan members.

A. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer defined benefit OPEB plans postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's 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 the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

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 2009, 4.16 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 2009, the actuarially determined amount was \$35,800.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 14 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (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 District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$45,580, \$50,527 and \$44,107, respectively; 43.68 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$5,958, \$5,177 and \$5,512, respectively; 43.68 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$30,371, \$28,676 and \$30,015, respectively; 84.86 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported as fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	<u>General fund</u>
Budget basis	\$ 52,959
Net adjustment for revenue accruals	(147,191)
Net adjustment for expenditure accruals	(7,317)
Net adjustment for other sources/(uses)	19,038
Adjustment for encumbrances	<u>53,927</u>
GAAP basis	<u>\$ (28,584)</u>

NOTE 16 - CONTINGENCIES/SUBSEQUENT EVENT

A. Grants

The District receives significant financial assistance from numerous federal, State and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

C. Bond Anticipation Note

On July 9, 2009, School Improvement Unlimited Tax General Obligation Bond Anticipation Notes, Series 2009, were issued for \$100,000 with an annual interest rate of 3.00% and maturity on July 8, 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 17 - STATUTORY RESERVES

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

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

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisitions</u>
Set-aside balance as of June 30, 2008	\$ (30,902)	\$ (4,929,361)
Current year set-aside requirement	94,450	94,450
Current year offsets	-	(119,952)
Qualifying disbursements	<u>(85,633)</u>	<u>(38,529)</u>
Total	<u>\$ (22,085)</u>	<u>\$ (4,993,392)</u>
Balance carried forward to fiscal year 2010	<u>\$ (22,085)</u>	<u>\$ (4,907,000)</u>

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbook/instructional materials and capital acquisition reserve. This extra amount may be carried forward to reduce the set-aside requirement for future years for textbook/instructional materials. However, the amount carried forward for the capital acquisition reserve may not exceed the bond proceeds of \$4,907,000 issued for construction of the District's PreK-12 building.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases. The amount of \$34,439 for school bus reserves is in the general fund on the balance sheet at June 30, 2009.

A schedule of the restricted assets at June 30, 2009 follows:

Amounts restricted for school bus purchases	
Total restricted cash	<u>\$ 34,439</u>

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**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Cash Assistance:				
School Breakfast Program	2008/2009	10.553	\$ 47,883	\$ 47,883
National School Lunch Program	2008/2009	10.555	137,035	137,035
Special Milk Program for Children	2008/2009	10.556	145	145
Cash Assistance Subtotal			<u>185,063</u>	<u>185,063</u>
Total Child Nutrition Cluster			<u>185,063</u>	<u>185,063</u>
Total U.S. Department of Agriculture			185,063	185,063
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2008	84.010	43,155	42,986
	2009		215,480	222,438
Total Title I Grants to Local Educational Agencies			<u>258,635</u>	<u>265,424</u>
Special Education-Grants to States	2008	84.027	42,499	59,007
	2009		164,131	153,629
Total Special Education-Grants to States			<u>206,630</u>	<u>212,636</u>
Safe and Drug-Free Schools and Communities-State Grants	2009	84.186	3,612	4,138
State Grants for Innovative Programs	2008	84.298	66	
	2009		554	355
Total State Grants for Innovative Programs			<u>620</u>	<u>355</u>
Education Technology State Grants	2009	84.318	2,259	2,010
Improving Teacher Quality State Grants	2008	84.367	8,742	10,883
	2009		70,236	69,049
Total Improving Teacher Quality State Grants			<u>78,978</u>	<u>79,932</u>
Total U.S. Department of Education			<u>550,734</u>	<u>564,495</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Medical Assistance Program		93.778	<u>20,886</u>	
Total U.S. Department of Health and Human Services			<u>20,886</u>	
Total Federal Awards Receipts and Expenditures			<u>\$ 756,683</u>	<u>\$ 749,558</u>

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

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – MEDICAL ASSISTANCE PROGRAM

During fiscal year 2009, the School District received Medical Assistance Program funds in the amount of \$20,886. This amount related to settlements for CAFS services provided during prior years.



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*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bridgeport Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 8, 2010. 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 opinions 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 a certain matter that we reported to the School District's management in a separate letter dated March 8, 2010.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 8, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Bridgeport Exempted Village School District, Belmont County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The Summary of Auditor's results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

In a separate letter to the School District's management dated March 8, 2010, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement 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 administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

March 8, 2010

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies, CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 SECTION .315(b)
JUNE 30, 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid</u> ; <i>Explain:</i>
2008-001	Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations in several funds at March 31, 2008.	Yes	N/A.
2008-002	Auditor of State Bulletins 2000-008 and 99-004 for not recording each construction manager payment related to the Ohio School Facilities Construction project.	Yes	N/A.

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Mary Taylor, CPA

Auditor of State

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Bridgeport Exempted Village School District, Belmont County (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on July 12, 1999 and re-adopted on March 21, 2007, and February 10, 2010.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - (6) A procedure for documenting any prohibited incident that is reported;

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- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Mary Taylor, CPA
Auditor of State

March 8, 2010



Mary Taylor, CPA
Auditor of State

BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 1, 2010