



**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet – All Fund Types and Account Groups – At June 30, 1999	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds – For the Fiscal Year Ended June 30, 1999	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – All Governmental Fund Types and Expendable Trust Funds – For the Fiscal Year Ended June 30, 1999	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance – Proprietary Fund Type and NonExpendable Trust Fund – For the Fiscal Year Ended June 30, 1999	10
Combined Statement of Revenues, Expenses, and Changes in Fund Equity – Budget (Non-GAAP Budgetary Basis) and Actual – Proprietary Fund Type and NonExpendable Trust Fund – For the Fiscal Year Ended June 30, 1999	11
Combined Statement of Cash Flows – Proprietary Fund Type and NonExpendable Trust Fund – For the Fiscal Year Ended June 30, 1999	12
Notes to the General Purpose Financial Statements	13
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	39

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Bradford Exempted Village School District, Miami County (the "District"), as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bradford Exempted Village School District, Miami County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 1999, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

JIM PETRO
Auditor of State

December 3, 1999

THIS PAGE LEFT BLANK INTENTIONALLY

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNTS GROUPS
JUNE 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$579,626	\$42,773	\$63,971	\$422,287
Cash and Cash Equivalents with Fiscal Agents	0	7,645	0	0
Receivables:				
Property and Other Taxes	486,015	0	142,610	15,162
Income Taxes	221,273	0	0	0
Accounts	16,497	275	0	0
Intergovernmental	881	0	0	0
Accrued Interest	2,292	0	0	0
Prepaid Items	2,819	0	0	0
Inventory of Supplies and Materials	0	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	37,862	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0
Total Assets and Other Debits	\$1,347,265	\$50,693	\$206,581	\$437,449
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	\$11,328	\$205	\$0	\$0
Contracts Payable	0	0	0	146,554
Accrued Wages and Benefits Payable	274,584	15,763	0	0
Intergovernmental Payable	62,491	2,873	0	0
Due To Students	0	0	0	0
Deferred Revenue	455,365	0	138,982	14,776
Compensated Absences Payable	0	0	0	0
Accrued Interest Payable	1,114	0	0	2,494
Notes Payable	0	0	0	200,000
Energy Conservation Loan Payable	82,500	0	0	0
Total Liabilities	887,382	18,841	138,982	363,824
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	243,904	7,042	0	64,800
Reserved for Property Taxes	37,764	0	3,628	386
Reserved for Budget Stabilization	37,862	0	0	0
Reserved for Donations for Nonexpendable Trust Fund	0	0	0	0
Unreserved (Deficit), Undesignated	140,353	24,810	63,971	8,439
Total Fund Equity and Other Credits	459,883	31,852	67,599	73,625
Total Liabilities, Fund Equity and Other Credits	\$1,347,265	\$50,693	\$206,581	\$437,449

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Enterprise	Trust and Agency			
\$9,956	\$43,755	\$0	\$0	\$1,162,368
0	0	0	0	7,645
0	0	0	0	643,787
0	0	0	0	221,273
2,548	0	0	0	19,320
6,158	0	0	0	7,039
0	0	0	0	2,292
0	0	0	0	2,819
235	0	0	0	235
2,671	0	0	0	2,671
0	0	0	0	37,862
54,873	0	2,947,213	0	3,002,086
0	0	0	384,588	384,588
<u>\$76,441</u>	<u>\$43,755</u>	<u>\$2,947,213</u>	<u>\$384,588</u>	<u>\$5,493,985</u>
\$0	\$0	\$0	\$0	\$11,533
0	0	0	0	\$146,554
10,399	0	0	0	300,746
4,766	0	0	32,226	102,356
0	24,511	0	0	24,511
1,516	0	0	0	610,639
7,702	0	0	352,362	360,064
0	0	0	0	3,608
0	0	0	0	200,000
0	0	0	0	82,500
<u>24,383</u>	<u>24,511</u>	<u>0</u>	<u>384,588</u>	<u>1,842,511</u>
0	0	2,947,213	0	2,947,213
22,284	0	0	0	22,284
29,774	0	0	0	29,774
0	1,000	0	0	316,746
0	0	0	0	41,778
0	0	0	0	37,862
0	1,500	0	0	1,500
0	16,744	0	0	254,317
<u>52,058</u>	<u>19,244</u>	<u>2,947,213</u>	<u>0</u>	<u>3,651,474</u>
<u>\$76,441</u>	<u>\$43,755</u>	<u>\$2,947,213</u>	<u>\$384,588</u>	<u>\$5,493,985</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Total (Memorandum) Only</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expensible Trust</u>	
Revenues:						
Property and Other Taxes	\$512,842	\$0	\$68,916	\$4,390	\$0	\$586,148
Income Taxes	710,243	0	0	0	0	710,243
Tuition and Fees	239,501	0	0	0	0	239,501
Interest	55,319	0	0	1,558	316	57,193
Intergovernmental	2,019,929	179,353	0	634,844	0	2,834,126
Gifts and Donations	3,190	6,375	0	0	1,000	10,565
Extracurricular Activities	0	50,672	0	0	0	50,672
Miscellaneous	1,206	0	0	0	0	1,206
Total Revenues	<u>3,542,230</u>	<u>236,400</u>	<u>68,916</u>	<u>640,792</u>	<u>1,316</u>	<u>4,489,654</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,566,759	33,897	0	61,049	1,400	1,663,105
Special	244,844	121,770	0	0	0	366,614
Support Services:						
Pupils	83,146	5,495	0	0	0	88,641
Instructional Staff	129,433	73,075	0	0	0	202,508
Board of Education	17,470	0	0	0	0	17,470
Administration	393,292	1,250	0	0	0	394,542
Fiscal	140,575	2,431	1,317	65	0	144,388
Operation and Maintenance of Plant	224,331	0	0	74,786	0	299,117
Pupil Transportation	355,360	0	0	0	0	355,360
Central	84,316	0	0	5,636	0	89,952
Extracurricular Activities	125,510	44,819	0	0	0	170,329
Capital Outlay	14,418	0	0	453,445	0	467,863
Debt Service:						
Interest and Fiscal Charges	5,540	0	0	2,494	0	8,034
Total Expenditures	<u>3,384,994</u>	<u>282,737</u>	<u>1,317</u>	<u>597,475</u>	<u>1,400</u>	<u>4,267,923</u>
Excess of Revenues Over (Under) Expenditures	<u>157,236</u>	<u>(46,337)</u>	<u>67,599</u>	<u>43,317</u>	<u>(84)</u>	<u>221,731</u>
Other Financing Uses:						
Operating Transfers - Out	<u>(11,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(11,000)</u>
Total Other Financing Uses	<u>(11,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(11,000)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	146,236	(46,337)	67,599	43,317	(84)	210,731
Fund Balances at Beginning of Year	<u>313,647</u>	<u>78,189</u>	<u>0</u>	<u>30,308</u>	<u>10,781</u>	<u>432,925</u>
Fund Balances at End of Year	<u>\$459,883</u>	<u>\$31,852</u>	<u>\$67,599</u>	<u>\$73,625</u>	<u>\$10,697</u>	<u>\$643,656</u>

See Accompanying Notes to the General Purpose Financial Statements

THIS PAGE LEFT BLANK INTENTIONALLY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$511,263	\$511,263	\$0	\$0	\$0	\$0
Income Taxes	704,591	704,591	0	0	0	0
Tuition and Fees	230,118	230,118	0	0	0	0
Interest	54,679	54,679	0	0	0	0
Intergovernmental	2,027,485	2,027,485	0	172,403	172,403	0
Gifts and Donations	3,190	3,190	0	6,375	6,375	0
Extracurricular Activities	0	0	0	51,400	51,400	0
Miscellaneous	71	71	0	0	0	0
Total Revenues	3,531,397	3,531,397	0	230,178	230,178	0
Expenditures:						
Current:						
Instruction:						
Regular	1,578,582	1,578,582	0	35,986	35,986	0
Special	367,749	367,749	0	117,493	117,493	0
Support Services:						
Pupils	92,093	92,093	0	6,724	6,724	0
Instructional Staff	139,808	139,808	0	66,900	66,900	0
Board of Education	15,037	15,037	0	0	0	0
Administration	403,712	403,712	0	1,250	1,250	0
Fiscal	143,465	143,465	0	2,431	2,431	0
Operation and Maintenance of Plant	291,479	291,479	0	0	0	0
Pupil Transportation	402,027	402,027	0	0	0	0
Central	79,425	79,425	0	0	0	0
Extracurricular Activities	123,369	123,369	0	49,244	49,244	0
Capital Outlay	34,860	34,860	0	0	0	0
Debt Service:						
Principal Retirement	27,500	27,500	0	0	0	0
Interest and Fiscal Charges	5,911	5,911	0	0	0	0
Total Expenditures	3,705,017	3,705,017	0	280,028	280,028	0
Excess of Revenues Over (Under) Expenditures	(173,620)	(173,620)	0	(49,850)	(49,850)	0
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	2,346	2,346	0	0	0	0
Refund of Prior Year Receipts	0	0	0	(3,449)	(3,449)	0
Proceeds from the Sale of Notes	0	0	0	0	0	0
Advances - In	106,650	106,650	0	31,650	31,650	0
Advances - Out	(106,650)	(106,650)	0	(31,650)	(31,650)	0
Operating Transfers - Out	(11,000)	(11,000)	0	0	0	0
Total Other Financing Sources (Uses)	(8,654)	(8,654)	0	(3,449)	(3,449)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(182,274)	(182,274)	0	(53,299)	(53,299)	0
Fund Balances at Beginning of Year	433,655	433,655	0	72,844	72,844	0
Prior Year Encumbrances Appropriated	113,850	113,850	0	15,899	15,899	0
Fund Balances at End of Year	\$365,231	\$365,231	\$0	\$35,444	\$35,444	\$0

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Funds			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$65,288	\$65,288	\$0	\$4,004	\$4,004	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,558	1,558	0	526	526	0
0	0	0	634,844	634,844	0	0	0	0
0	0	0	0	0	0	1,000	1,000	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>65,288</u>	<u>65,288</u>	<u>0</u>	<u>640,406</u>	<u>640,406</u>	<u>0</u>	<u>1,526</u>	<u>1,526</u>	<u>0</u>
0	0	0	61,049	61,049	0	2,400	2,400	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1,317	1,317	0	65	65	0	0	0	0
0	0	0	139,290	139,290	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	7,966	7,966	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	307,475	307,475	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>1,317</u>	<u>1,317</u>	<u>0</u>	<u>515,845</u>	<u>515,845</u>	<u>0</u>	<u>2,400</u>	<u>2,400</u>	<u>0</u>
63,971	63,971	0	124,561	124,561	0	(874)	(874)	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	200,000	200,000	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
63,971	63,971	0	324,561	324,561	0	(874)	(874)	0
0	0	0	29,884	29,884	0	9,668	9,668	0
0	0	0	2,458	2,458	0	900	900	0
<u>\$63,971</u>	<u>\$63,971</u>	<u>\$0</u>	<u>\$356,903</u>	<u>\$356,903</u>	<u>\$0</u>	<u>\$9,694</u>	<u>\$9,694</u>	<u>\$0</u>

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum) Only</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Tuition	\$26,243	\$0	\$26,243
Sales	123,198	0	123,198
Interest	0	366	366
Other	2,341	0	2,341
Total Operating Revenues	<u>151,782</u>	<u>366</u>	<u>152,148</u>
Operating Expenses:			
Salaries and Wages	69,771	0	69,771
Fringe Benefits	35,972	0	35,972
Purchased Services	9,780	0	9,780
Supplies and Materials	2,297	822	3,119
Cost of Sales	80,360	0	80,360
Depreciation	3,381	0	3,381
Other	496	50	546
Total Operating Expenses	<u>202,057</u>	<u>872</u>	<u>202,929</u>
Operating Loss	<u>(50,275)</u>	<u>(506)</u>	<u>(50,781)</u>
Non-Operating Revenues:			
Federal and State Subsidies	42,143	0	42,143
Federal Donated Commodities	10,750	0	10,750
Total Non-Operating Revenues	<u>52,893</u>	<u>0</u>	<u>52,893</u>
Income (Loss) Before Operating Transfers	2,618	(506)	2,112
Operating Transfers - In	<u>11,000</u>	<u>0</u>	<u>11,000</u>
Net Income (Loss)	13,618	(506)	13,112
Retained Earnings/Fund Balance at Beginning of Year - Restated (Note23)	<u>16,156</u>	<u>9,053</u>	<u>25,209</u>
Retained Earnings/Fund Balance at End of Year	<u><u>\$29,774</u></u>	<u><u>\$8,547</u></u>	<u><u>\$38,321</u></u>

See Accompanying Notes to the General Purpose Financial Statements

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Enterprise Funds			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Tuition	\$26,243	\$26,243	\$0	\$0	\$0	\$0
Sales	123,372	123,372	0	0	0	0
Federal and State Subsidies	35,985	35,985	0	0	0	0
Interest	0	0	0	366	366	0
Other	2,341	2,341	0	0	0	0
Total Revenues	187,941	187,941	0	366	366	0
Expenses:						
Salaries and Wages	76,825	76,825	0	0	0	0
Fringe Benefits	37,516	37,516	0	0	0	0
Purchased Services	10,446	10,446	0	0	0	0
Supplies and Materials	71,929	71,929	0	2,704	2,704	0
Other	496	496	0	50	50	0
Total Expenses	197,212	197,212	0	2,754	2,754	0
Excess of Revenues Under Expenses Before Operating Transfers and Advances	(9,271)	(9,271)	0	(2,388)	(2,388)	0
Advances - In	75,000	75,000	0	0	0	0
Advances - Out	(75,000)	(75,000)	0	0	0	0
Operating Transfers - In	11,000	11,000	0	0	0	0
Excess of Revenues, Operating Transfers and Advances Over (Under) Expenses and Advance:	1,729	1,729	0	(2,388)	(2,388)	0
Fund Equity at Beginning of Year	3,863	3,863	0	7,469	7,469	0
Prior Year Encumbrances Appropriated	3,552	3,552	0	3,466	3,466	0
Fund Equity at End of Year	\$9,144	\$9,144	\$0	\$8,547	\$8,547	\$0

See Accompanying Notes to the General Purpose Financial Statements

**COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>Only</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$149,174	\$0	\$149,174
Other Operating Receipts	2,341	0	2,341
Cash Payments for Employee Services and Benefits	(114,340)	0	(114,340)
Cash Payments to Suppliers for Goods and Services	(81,561)	(2,704)	(84,265)
Other Operating Expenses	(496)	(50)	(546)
Net Cash Used In Operating Activities	<u>(44,882)</u>	<u>(2,754)</u>	<u>(47,636)</u>
Cash Flows from Noncapital Financing Activities:			
Federal and State Subsidies Received	35,985	0	35,985
Advances - In	75,000	0	75,000
Advances - Out	(75,000)	0	(75,000)
Operating Transfers - In	11,000	0	11,000
Net Cash Provided By Noncapital Financing Activities	<u>46,985</u>	<u>0</u>	<u>46,985</u>
Cash Flows from Investing Activities:			
Interest	0	366	366
Net Cash Provided By Investing Activities	<u>0</u>	<u>366</u>	<u>366</u>
Net Increases (Decrease) in Cash and Cash Equivalents	2,103	(2,388)	(285)
Cash and Cash Equivalents Beginning of Year	<u>7,853</u>	<u>10,935</u>	<u>18,788</u>
Cash and Cash Equivalents End of Year	<u>\$9,956</u>	<u>\$8,547</u>	<u>\$18,503</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:			
Operating Loss	(\$50,275)	(\$506)	(\$50,781)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:			
Depreciation	3,381	0	3,381
Donated Commodities Received	10,750	0	10,750
Interest in Nonexpendable Trust Fund	0	(366)	(366)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(267)	0	(267)
Decrease in Supplies Inventory	133	0	133
Decrease in Inventory Held for Resale	381	0	381
Decrease in Accounts Payable	(388)	0	(388)
Decrease in Contracts Payable	0	(1,882)	(1,882)
Decrease in Accrued Salaries Payable	(3,762)	0	(3,762)
Decrease in Intergovernmental Payable	(1,310)	0	(1,310)
Decrease in Compensated Absences Payable	(3,525)	0	(3,525)
Net Cash Used In Operating Activities	<u>(\$44,882)</u>	<u>(\$2,754)</u>	<u>(\$47,636)</u>
Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet			
Cash and Cash Equivalents-All Fiduciary Funds		\$43,755	
Cash and Cash Equivalents-Expendable Trust and Agency Funds		<u>(35,208)</u>	
Cash and Cash Equivalents-Nonexpendable Trust Fund		<u>\$8,547</u>	

See Accompanying Notes to the General Purpose Financial Statements

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Bradford 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 School District serves an area of approximately 14,698 acres. It is located in Miami and Darke Counties and includes a portion of Shelby County, and includes all of the Village of Bradford and portions of Newbury, Newton, Wayne, Adams, Franklin and Loramie Townships. It is staffed by 34 non-certificated employees, 47 certificated full-time teaching personnel and 4 administrative employees who provide services to 610 students and other community members. The District currently operates 2 instructional buildings and 1 garage.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Bradford Exempted Village School District, this includes general operations, food service, preschool, 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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 for the organization. The District has no component units.

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

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

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

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

Jointly Governed Organizations:

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

Related Organization:

- Bradford Public Library

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Type:

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Type: (Continued)

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

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds.

Expendable trust funds are accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

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

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

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Data

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

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data (Continued)

Tax Budget:

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999. At year-end, the District requested an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the 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 must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. Prior to year end, the District passes appropriations to match expenditures plus encumbrances. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data (Continued)

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary 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 combined balance sheet.

During fiscal year 1999, the District's investments were limited to funds invested in certificates of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal 1999 amounted to \$55,319 which includes \$18,233 assigned from other District funds. The classroom facilities capital projects fund, the expendable trust funds, and the nonexpendable trust fund also received interest in the amount of \$1,558, \$316, and \$366, respectively.

The balance of various grant activity administered by the fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents."

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

E. Inventory

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

G. Restricted Assets

Restricted assets in the general fund are cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent resources required by statute to be set-aside by the District to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserve.

H. Estimates

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

I. Fixed Assets and Depreciation

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

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

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

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

J. Intergovernmental Revenues

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues (Continued)

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Textbook and Instructional Materials Subsidy
- Education Management Information Systems
- Title I
- Title III - Eisenhower
- Title VI
- Title VI-B
- Drug-Free Schools
- Goals 2000 / Breadloaf
- Workforce Development State Grant
- Professional Development Block Grant
- Title VI-B Early Childhood
- Preschool Grant
- Early Childhood

Capital Projects Funds

- Classroom Facilities Program
- Emergency Building Repair Program
- School Net
- School Net Plus
- Technology Equity
- Interactive Video Distance Learning

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 63 percent of governmental fund revenue during the 1999 fiscal year.

K. Compensated Absences

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Interfund Transactions

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

N. Fund Balance Reserves

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

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Contributed Capital

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

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

P. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY

Fund balances at June 30, 1999, included the following individual fund deficits:

Special Revenue Fund	
Title I	\$14,584
Capital Projects Fund	
Permanent Improvement	149,725
Nonexpendable Trust Fund	
Wade Kindergarten	505

The deficits in these funds, except for the permanent improvement capital projects fund, are due to adjustments for accrued liabilities, and the timing of grant awards. The deficit in the permanent improvement capital projects fund is a result of the issuance of short-term bond anticipation notes which are used to finance projects until bonds are issued. Once bonds are issued and the notes are retired, the deficit will be eliminated. The general fund is liable for the deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Funds				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$146,236	(\$46,337)	\$67,599	\$43,317	(\$84)
Revenue Accruals	(8,487)	4,177	(3,628)	(386)	210
Expenditure Accruals	(35,070)	(785)	0	147,014	0
Prepaid Items	(5,964)	0	0	0	0
Nonbudgeted Fund Activity	0	(3,107)	0	0	0
Proceeds from Sale of Notes	0	0	0	200,000	0
Loan Principal Payments	(27,500)	0	0	0	0
Encumbrances	(251,489)	(7,247)	0	(65,384)	(1,000)
Budget Basis	<u>(\$182,274)</u>	<u>(\$53,299)</u>	<u>\$63,971</u>	<u>\$324,561</u>	<u>(\$874)</u>

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	Enterprise	Nonexpendable Trust
GAAP Basis	\$13,618	(\$506)
Revenue Accruals	(5,984)	0
Expense Accruals	(7,992)	(1,882)
Depreciation	3,381	0
Materials and Supplies Inventory	(133)	0
Inventory Held for Resale	(381)	0
Encumbrances	(780)	0
Budget Basis	\$1,729	(\$2,388)

NOTE 5 - 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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

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

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

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

The "Cash and Cash Equivalents with Fiscal Agent" of \$7,645 shown in the special revenue funds is maintained with the Darke County Educational Service Center. GASB 3 disclosures regarding this amount can be obtained from their annual report.

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$101,284 and the bank balance was \$213,383. Of the bank balance:

1. \$102,032 was covered by federal depository insurance; and
2. \$111,351 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The District's investments are categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The fair value of the STAR Ohio investment as of June 30, 1999, was \$1,098,816.

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$1,207,875	\$0
Cash on Hand	(130)	0
Cash and Cash Equivalents with Fiscal Agent	(7,645)	0
Investment of the cash management pool:		
STAR Ohio	(1,098,816)	1,098,816
GASB Statement 3	\$101,284	\$1,098,816

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, public utility and tangible personal property located in the District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1998, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 6 - PROPERTY TAXES (Continued)

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$37,764 in the general fund, \$3,628 in the bond retirement debt service fund and \$386 in the permanent improvement capital projects fund .

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$23,591,580	88%	\$26,377,440	89%
Public Utility	2,009,100	7	2,013,830	7
Tangible Personal Property	1,208,510	5	1,165,320	4
Total Assessed Value	\$26,809,190	100%	\$29,556,590	100%
Tax rate per \$1,000 of assessed valuation	\$30.80		\$30.80	

NOTE 7 - INCOME TAX

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

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable conditions of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Intergovernmental receivables at year end were in the general fund and food service enterprise fund in the amounts of \$881 and \$6,158, respectively.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$95,984
Less Accumulated Depreciation	<u>(41,111)</u>
Net Fixed Assets	<u><u>\$54,873</u></u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$253,060	\$161,506	\$0	\$414,566
Buildings and Improvements	995,138	0	0	995,138
Furniture, Fixtures and Equipment	1,136,147	72,525	0	1,208,672
Vehicles	<u>328,837</u>	<u>0</u>	<u>0</u>	<u>328,837</u>
Totals	<u><u>\$2,713,182</u></u>	<u><u>\$234,031</u></u>	<u><u>\$0</u></u>	<u><u>\$2,947,213</u></u>

There was no significant construction in progress at June 30, 1999.

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the District contracted with Harcum-Hyre Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Harcum-Hyre Insurance are as follows:

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

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 10 - RISK MANAGEMENT (Continued)

B. Workers' Compensation

For fiscal year 1999, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc, provides administrative, cost control, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 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 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$46,802, \$61,718 and \$58,243, respectively; 48.42 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$24,139 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term debt account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$98,072, \$214,481 and \$207,726, respectively; 81.72 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$17,928 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the District, this amount equaled \$130,762 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$44,922.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

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

B. Insurance Benefits

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

NOTE 14 - FUND OBLIGATIONS

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

During fiscal year 1999, the District issued \$200,000 in bond anticipation notes. These notes will mature on February 15, 2000. The note liability is reflected in the permanent improvement capital projects fund which received the proceeds.

The District's loan and note activity for fiscal year 1999, including amount outstanding and interest rate follows:

		Balance 6/30/98	Additions	Deletions	Balance 6/30/99
General Fund					
Energy Conservation Loan	5.40%	\$110,000	\$0	\$27,500	\$82,500
Capital Projects Fund					
Bond Anticipation Notes	3.72%	0	200,000	0	200,000
Total Fund Obligations		\$110,000	\$200,000	\$27,500	\$282,500

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 14 - FUND OBLIGATIONS (Continued)

Principal and interest requirements to retire the energy conservation loan at June 30, 1999, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$27,500	\$4,455	\$31,955
2001	27,500	2,970	30,470
2002	27,500	1,485	28,985
Total	<u>\$82,500</u>	<u>\$8,910</u>	<u>\$91,410</u>

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 1999 were as follows:

	Amount Outstanding 6/30/98	Additions	Deductions	Amount Outstanding 6/30/99
Intergovernmental Payable	\$30,877	\$32,226	\$30,877	\$32,226
Compensated Absences	346,548	5,814	0	352,362
Total General Long-Term Obligations	<u>\$377,425</u>	<u>\$38,040</u>	<u>\$30,877</u>	<u>\$384,588</u>

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

The District's overall legal debt margin was \$2,727,692, the energy conservation debt margin was \$183,509 and the unvoted debt margin was \$29,557 at June 30, 1999.

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and preschool. The table below reflects the more significant financial data relating to the enterprise funds of the Bradford Exempted Village School District as of and for the fiscal year ended June 30, 1999.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	Preschool	Total Enterprise Funds
Operating Revenues	\$106,055	\$17,143	\$28,584	\$151,782
Depreciation Expense	3,381	0	0	3,381
Operating Income (Loss)	(53,665)	(1,106)	4,496	(50,275)
Federal and State Subsidies	42,143	0	0	42,143
Donated Commodities	10,750	0	0	10,750
Operating Transfers - In	11,000	0	0	11,000
Net Income (Loss)	10,228	(1,106)	4,496	13,618
Net Working Capital (Deficit)	(1,029)	5,921	3,278	8,170
Long-Term Liabilities Payable from Revenue	10,205	0	780	10,985
Total Assets	64,773	5,921	5,747	76,441
Total Equity	43,639	5,921	2,498	52,058
Encumbrances Outstanding at June 30, 1999	0	503	277	780

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The District paid MDECA \$11,114 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

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

A. Jointly Governed Organizations (Continued)

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

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During fiscal year 1999, the District paid \$2,209 to SOEPC from the general fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. During fiscal year 1999, the District paid \$1,286 to SOITA from the general fund. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Upper Valley Joint Vocational School - The Upper Valley Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following School Districts: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or county school districts: Piqua, Shelby, Sidney, and Troy. The District had no financial transactions with the Upper Valley Joint Vocational School during fiscal year 1999. To obtain financial information, write to the Upper Valley Joint Vocational School, William Stump, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

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

B. Related Organization

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

C. Insurance Purchasing Pool

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

NOTE 18 - SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$1,836,999 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the thorough and efficient clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

In addition, the Court declared the classroom facilities program unconstitutional. The classroom facilities program provided money to build and furnish classrooms. As of June 30, 1999, the District had received a total of \$ 389,388 under this program.

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$14,863	\$14,863
Current Year Set-aside Requirement	45,997	45,997	22,999	114,993
Current Year Offsets	(8,200)	(4,004)	0	(12,204)
Qualifying Disbursements	(40,662)	(119,513)	0	(160,175)
Total	<u>(\$2,865)</u>	<u>(\$77,520)</u>	<u>\$37,862</u>	<u>(\$42,523)</u>
Cash Balance Carried Forward to FY 1999	<u>\$0</u>	<u>\$0</u>	<u>\$37,862</u>	<u>\$37,862</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts for textbooks and capital acquisitions to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. The negative amounts for textbooks and capital acquisitions are therefore not presented as being carried forward to the next fiscal year.

NOTE 20 - CONTINGENCIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

NOTE 21 - SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 1999, the District had outstanding contractual commitments as follows:

Vendor	Project	Amount Remaining on Contract
Steed Hammon Paul	Classroom Facilities Project	\$712,678
Columbus Heating & Ventilation	Emergency Building Repair	52,081
Joe Beck & Associates	Emergency Building Repair	46,206

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 22 - YEAR 2000 DISCLOSURE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The District has completed an inventory of mission-critical computer and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The District has one building with power, heating and air-conditioning systems, which were provided by Honeywell, Inc. Honeywell believes that these heating and air-conditioning system controls are 2000 compliant. However, in the event that the system or a component of the system would fail, the District could switch to a manual system and continue operations.

The District utilizes the Ohio Education Computer Network (OECN) State Software for their financial reporting, payroll and employee benefits, fixed asset inventory and education management information system (EMIS). These services are provided by the Metropolitan Dayton Educational Cooperative Association (MDECA - see Note #17). OECN has undergone the task of remediating, testing and validating the aforementioned software packages to be 2000 compliant. The State is responsible for remediating this system and no costs will be imposed to the District as a result of the program modifications.

Miami, Darke, and Shelby County collect property taxes for distribution to Bradford Exempted Village School District. The County's are responsible for remediating their tax collection system and are solely responsible for any costs associated with their tax collection system project.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

NOTE 23 PRIOR PERIOD ADJUSTMENT

Due to fixed assets omitted in prior years, the enterprise funds' retained earnings balance increased by \$14,377 from \$15,397 to \$29,774.

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

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

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

To the Board of Education:

We have audited the financial statements of the Bradford Exempted Village School District, Miami County (the "District"), as of and for the year ended June 30, 1999, and have issued our report thereon dated December 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 3, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management in a separate letter dated December 3, 1999.

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

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

JIM PETRO
Auditor of State

December 3, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2000**