



Dave Yost • Auditor of State

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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MIAMI COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Bradford Exempted Village School District, Miami County, Ohio (the School District), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Bradford Exempted Village School District, Miami County, Ohio, as of June 30, 2013 and 2012, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the School District's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis for fiscal year 2013 includes tables of net position, change in net position, and outstanding debt at fiscal yearend – governmental activities, and for fiscal year 2012 includes tables of net assets, change in net assets, outstanding debt at fiscal yearend – governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 18, 2014

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The discussion and analysis of Bradford Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013, within the limitations of the School District's cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- Foundation decreased due to decline in enrollment in the junior and senior high grades in fiscal year 2013.
- Open enrollment to the School District decreased by 12 full time equivalent students.
- The School District overall had a small increase to total disbursements but had large fluctuations in disbursement functions due to the retirement of staff, the replacement of one retiree with a long-term substitute, and the addition of two new employees through federal grant.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities – Cash Basis

The Statement of Net Position and the Statement of Activities reflect how the School District did financially during fiscal year 2013, within the limitations of the cash basis of accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the School District's general receipts.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2013 compared to fiscal year 2012:

Table 1			
Net Position			
	2013	2012	Change
Assets:			
Current Assets	\$4,259,254	\$4,349,280	(\$90,026)
Net Position:			
Restricted	657,234	698,334	(41,100)
Unrestricted	3,602,020	3,650,946	(48,926)
Total Net Position	\$4,259,254	\$4,349,280	(\$90,026)

Net position of governmental activities decreased \$90,026 during fiscal year 2013. Current assets, which is made up of cash and cash equivalents, declined mainly due to decrease of both open enrollment students and enrollment in junior and senior high school.

Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, also decreased primarily due to decrease of both open enrollment students and enrollment in junior and senior high school. The restricted net position decreased due to the chilled water project disbursed through the classroom facilities non-major fund.

Table 2 shows the changes in net position for fiscal years 2013 and 2012.

Table 2			
Change in Net Position			
	2013	2012	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$770,592	\$948,199	(\$177,607)
Operating Grants, Interest, and Contributions	997,197	729,321	267,876
Total Program Cash Receipts	1,767,789	1,677,520	90,269
General Receipts:			
Property Taxes Levied for:			
General Purposes	816,917	818,290	(1,373)
Debt Service	110,068	112,576	(2,508)
Classroom Facilities Maintenance	16,211	16,216	(5)
Income Tax	929,845	921,948	7,897
Grants and Entitlements not Restricted to Specific Programs	2,936,201	3,349,601	(413,400)
Interest	8,695	6,540	2,155
Gifts and Donations	1,574	1,574	(1,574)
Miscellaneous	12,236	29,828	(17,592)
Total General Receipts	4,830,173	5,256,573	(426,400)
Total Receipts	6,597,962	6,934,093	(336,131)

(Continued)

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

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

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Cash Disbursements:			
Instruction:			
Regular	2,467,505	2,650,846	(183,341)
Special	754,831	702,682	52,149
Student Intervention Services	15,390	15,390	
Support Services:			
Pupils	408,713	404,454	4,259
Instructional Staff	54,853	189,358	(134,505)
Board of Education	33,344	36,501	(3,157)
Administration	596,637	565,053	31,584
Fiscal	197,731	214,558	(16,827)
Business	1,642	941	701
Operation and Maintenance of Plant	577,195	542,855	34,340
Pupil Transportation	151,058	443,775	(292,717)
Central	197,072	110,080	86,992
Operation of Non-Instructional Services	665,217	333,212	332,005
Extracurricular Activities	275,710	277,229	(1,519)
Capital Outlay	87,734	138	87,596
Principal Retirement	169,000	101,099	67,901
Interest and Fiscal Charges	34,356	39,513	(5,157)
Accretion on Capital Appreciation Bonds		59,901	(59,901)
Total Cash Disbursements	<u>6,687,988</u>	<u>6,687,585</u>	<u>\$403</u>
Change in Net Position	(90,026)	246,508	
Net Position at Beginning of Year	<u>4,349,280</u>	<u>4,102,772</u>	
Net Position at End of Year	<u>\$4,259,254</u>	<u>\$4,349,280</u>	

Governmental Activities

Overall receipts decreased \$336,131. The majority of the decrease was from grants and entitlements not restricted to specific programs and charges of services. The School District's open enrollment declined 12 students in fiscal year. The decrease is the result of a decrease in State foundation monies due to a decrease in enrollment mainly in the junior and senior high grades.

Disbursements increased \$403. The School District, through fiscal restraint, was able to keep disbursements consistent with the prior year. The School District did have fluctuations within different disbursements due to the retirement of staff, the hiring of long-term substitute to replace one retiree, and the addition of two employees.

The School District's Funds

The School District's funds are accounted for using the cash basis of accounting. The only major fund for fiscal year 2013 was the General Fund. All governmental funds had total receipts of \$6,597,962 and disbursements of \$6,687,988. For fiscal year 2013, the fund balance decreased primarily due to a decrease in open enrollment students as well as enrollment mainly in the junior and senior high grades.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the School District amended its General Fund budget several times, which resulted in final appropriations increasing \$4,421. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. This caused actual disbursements to be \$397,436 lower than the final budgeted amount.

For the General Fund, the final budget basis receipts estimate decreased from the original budget basis revenue by \$304,021 mainly due to an error in calculating estimated revenues. Actual receipts were \$5,535,666, an increase of \$7,687 from the final budget basis.

Capital Assets

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

Debt Administration

Table 3 summarizes the School District's bonds outstanding:

	2013	2012
School Improvement Refunding Bonds	\$764,999	\$854,999
Capital Lease		79,000
Totals	\$764,999	\$933,999

During the fiscal year, the School District made payments on all the debt issues. For more information on the School District's debt, see Notes 13 and 14 of the Basic Financial Statements.

Contacting the School District's Financial Management

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

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2013**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$4,257,869
Cash and Cash Equivalents with Fiscal Agent	1,385
Total Assets	4,259,254
 Net Position:	
Restricted for:	
Debt Service	205,261
Capital Outlay	70,531
Food Service	6,872
Local Gifts and Donations	17,853
Athletics	16,476
Federal Grants	1,386
Classroom Facilities	328,297
Kindergarten Classroom:	
Expendable	1,558
Non-Expendable	9,000
Unrestricted	3,602,020
Total Net Position	\$4,259,254

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Position
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Interest, and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$2,467,505	\$319,528	\$63,845	(\$2,084,132)
Special	754,831		508,828	(246,003)
Student Intervention Services	15,390			(15,390)
Support Services:				
Pupils	408,713		135,580	(273,133)
Instructional Staff	54,853		2,797	(52,056)
Board of Education	33,344			(33,344)
Administration	596,637		12,398	(584,239)
Fiscal	197,731		26,925	(170,806)
Business	1,642			(1,642)
Operation and Maintenance of Plant	577,195		3,590	(573,605)
Pupil Transportation	151,058	202,392	873	52,207
Central	197,072		48,795	(148,277)
Operation of Non-Instructional Services	665,217	138,106	159,876	(367,235)
Extracurricular Activities	275,710	110,566	33,690	(131,454)
Capital Outlay	87,734			(87,734)
Principal Retirement	169,000			(169,000)
Interest and Fiscal Charges	34,356			(34,356)
Totals	<u><u>\$6,687,988</u></u>	<u><u>\$770,592</u></u>	<u><u>\$997,197</u></u>	<u><u>(4,920,199)</u></u>

General Receipts:

Property Taxes Levied for:

General Purposes	816,917
Debt Service	110,068
Classroom Facilities Maintenance	16,211
Income Tax	929,845
Grants and Entitlements not Restricted to Specific Programs	2,936,201
Interest	8,695
Miscellaneous	12,236
Total General Receipts	<u><u>4,830,173</u></u>
 Change in Net Position	 (90,026)
 Net Position at Beginning of Year	 <u>4,349,280</u>
 Net Position at End of Year	 <u><u>\$4,259,254</u></u>

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,302,049	\$951,591	\$4,253,640
Cash and Cash Equivalents with Fiscal Agent		1,385	1,385
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	4,229		4,229
Total Assets	<u>\$3,306,278</u>	<u>\$952,976</u>	<u>\$4,259,254</u>
Fund Balances:			
Non-spendable	\$5,220	\$9,000	\$14,220
Restricted	4,229	644,005	648,234
Committed		85,431	85,431
Assigned	278,857	226,179	505,036
Unassigned (Deficit)	3,017,972	(11,639)	3,006,333
Total Fund Balances	<u>\$3,306,278</u>	<u>\$952,976</u>	<u>\$4,259,254</u>

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:			
Property Taxes	\$816,917	\$126,279	\$943,196
Income Tax	929,845		929,845
Intergovernmental	3,279,464	604,112	3,883,576
Interest	8,623	73	8,696
Charges for Services	202,392	138,106	340,498
Tuition and Fees	307,174		307,174
Rent	490		490
Extracurricular Activities	20,289	102,141	122,430
Gifts and Donations	750	49,071	49,821
Miscellaneous	12,236		12,236
Total Receipts	<u>5,578,180</u>	<u>1,019,782</u>	<u>6,597,962</u>
Disbursements:			
Current:			
Instruction:			
Regular	2,406,569	60,936	2,467,505
Special	604,980	149,851	754,831
Student Intervention Services	15,390		15,390
Support Services:			
Pupils	273,081	135,632	408,713
Instructional Staff	52,045	2,808	54,853
Board of Education	33,344		33,344
Administration	586,660	9,977	596,637
Fiscal	194,964	2,767	197,731
Business	1,642		1,642
Operation and Maintenance of Plant	567,051	10,144	577,195
Pupil Transportation	150,120	938	151,058
Central	148,083	48,989	197,072
Operation of Non-Instructional Services	332,794	332,423	665,217
Extracurricular Activities	146,425	129,285	275,710
Capital Outlay	3,582	84,152	87,734
Debt Service:			
Principal Retirement	79,000	90,000	169,000
Interest and Fiscal Charges	2,312	32,044	34,356
Total Disbursements	<u>5,598,042</u>	<u>1,089,946</u>	<u>6,687,988</u>
Excess of Receipts Under Disbursements	<u>(19,862)</u>	<u>(70,164)</u>	<u>(90,026)</u>
Other Financing Sources (Uses):			
Transfers In		13,750	13,750
Advances In	15,322		15,322
Transfers Out	(13,750)		(13,750)
Advances Out		(15,322)	(15,322)
Total Other Financing Sources (Uses)	<u>1,572</u>	<u>(1,572)</u>	
Net Change in Fund Balance	(18,290)	(71,736)	(90,026)
Fund Balances at Beginning of Year	<u>3,324,568</u>	<u>1,024,712</u>	<u>4,349,280</u>
Fund Balances at End of Year	<u>\$3,306,278</u>	<u>\$952,976</u>	<u>\$4,259,254</u>

See Accompanying Notes to the Basic Financial Statements

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Property Taxes	\$856,600	\$830,529	\$816,917	(\$13,612)
Income Tax	975,000	929,000	929,845	845
Intergovernmental	3,417,600	3,257,900	3,271,404	13,504
Interest	6,500	8,200	8,623	423
Charges for Services	181,300	174,300	181,300	7,000
Tuition and Fees	370,600	300,150	298,331	(1,819)
Rent	500	500	490	(10)
Extracurricular Activities	14,500	18,750	20,289	1,539
Gifts and Donations	2,600	1,850	750	(1,100)
Miscellaneous	6,800	6,800	7,717	917
Total Receipts	<u>5,832,000</u>	<u>5,527,979</u>	<u>5,535,666</u>	<u>7,687</u>
Disbursements:				
Current:				
Instruction:				
Regular	2,557,633	2,560,633	2,425,842	134,791
Special	827,994	827,994	648,129	179,865
Student Intervention Services	3,037	3,037		3,037
Other	17,000	17,000	15,390	1,610
Support Services:				
Pupils	328,725	328,725	296,086	32,639
Instructional Staff	54,769	54,769	52,522	2,247
Board of Education	43,589	43,589	34,660	8,929
Administration	586,693	586,693	597,276	(10,583)
Fiscal	236,550	236,550	196,507	40,043
Business	2,000	2,000	1,642	358
Operation and Maintenance of Plant	673,221	673,221	675,230	(2,009)
Pupil Transportation	179,991	179,991	157,043	22,948
Central	154,309	154,309	204,613	(50,304)
Operation of Non-Instructional Services	350,182	350,182	336,012	14,170
Extracurricular Activities	164,145	164,145	149,427	14,718
Capital Outlay	6,791	6,791	3,582	3,209
Debt Service:				
Principal Retirement	79,347	80,347	79,000	1,347
Interest and Fiscal Charges	2,312	2,733	2,312	421
Total Disbursements	<u>6,268,288</u>	<u>6,272,709</u>	<u>5,875,273</u>	<u>397,436</u>
Excess of Receipts Over (Under) Disbursements	<u>(436,288)</u>	<u>(744,730)</u>	<u>(339,607)</u>	<u>405,123</u>
Other Financing Sources (Uses):				
Refund of Prior Year Disbursements	112,000	64,500	42,514	(21,986)
Proceeds from Sale of Capital Assets	1,000			
Advances In			15,322	15,322
Transfers Out	(6,500)	(6,500)	(13,750)	(7,250)
Advances Out	(10,000)	(10,000)		10,000
Total Other Financing Sources (Uses)	<u>96,500</u>	<u>48,000</u>	<u>44,086</u>	<u>(3,914)</u>
Net Change in Fund Balance	<u>(339,788)</u>	<u>(696,730)</u>	<u>(295,521)</u>	<u>401,209</u>
Fund Balance at Beginning of Year	<u>3,116,907</u>	<u>3,116,907</u>	<u>3,116,907</u>	
Prior Year Encumbrances Appropriated	<u>211,785</u>	<u>211,785</u>	<u>211,785</u>	
Fund Balance at End of Year	<u>\$2,988,904</u>	<u>\$2,631,962</u>	<u>\$3,033,171</u>	<u>\$401,209</u>

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2013**

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$105,138	\$25,417
Net Position:		
Held in Trust for Scholarships	105,138	
Held on Behalf of Students		25,417
Total Net Position	\$105,138	\$25,417

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$35
Gifts and Contributions	14,114
Total Additions	<u>14,149</u>
Deductions:	
Payments in Accordance with Trust Agreements	<u>15,515</u>
Change in Net Position	(1,366)
Net Position at Beginning of Year	<u>106,504</u>
Net Position at End of Year	<u><u>\$105,138</u></u>

See Accompanying Notes to the Basic Financial Statements.

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

Reporting Entity

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

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

The School District participates in four jointly governed organizations, one related organization, two insurance purchasing pools, and a public entity shared risk pool. These organizations are presented in Notes 16, 17, 18 and 19 to the basic financial statements.

Jointly Governed Organizations:

- Upper Valley Career Center
- Metropolitan Dayton Educational Cooperative Association
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association

Related Organization:

- Bradford Public Library

Insurance Purchasing Pools:

- Southwestern Ohio Educational Purchasing Council
- Workers' Compensation Group Rating Plan
- Southwestern Ohio Educational Purchasing Council Liability,
Fleet and Property Insurance Program

Public Entity Shared Risk Pool

- Southwestern Ohio Educational Purchasing Council Benefit Plan Trust

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting Section of Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

1. Government-wide Financial Statements

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

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

2. Fund Financial Statements

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories; governmental and fiduciary.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

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

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

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

2. Fiduciary Funds

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

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

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

D. Cash and Cash Equivalents

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2013, the School District's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio) and nonnegotiable certificates of deposit. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value which is the price the investment could be sold for on June 30, 2013. Certificates of deposit are valued at cost.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest credited to the General Fund during fiscal year 2013 amounted to \$8,623, which includes \$2,080 assigned from other School District funds.

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

E. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent unspent receipts restricted for bus purchase.

F. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for post-employment health care benefits.

G. Interfund Receivables/Payables

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

H. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

I. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Fund Balance

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

1. Non-spendable

The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

2. Restricted

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

3. Committed

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

4. Assigned

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Treasurer has been given authority to assign amounts for these purposes by the School District Board of Education.

5. Unassigned

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

M. Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources first when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

N. Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

O. Budgetary Process

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund. The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts column in the budgetary statement reflect the amounts in the certificate that were in effect at the time final appropriations were passed by the Board. The appropriations resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statement reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations.

3. COMPLIANCE

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

4. FUND BALANCES

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

Fund Balances	General	Non-major Governmental Funds	Total
Non-spendable:			
Unclaimed Monies	\$5,220		\$5,220
Permanent Non-expendable		\$9,000	9,000
Total Non-spendable	5,220	9,000	14,220
Restricted for:			
Bus Purchase	4,229		4,229
Permanent Expendable		1,558	1,558
Lunchroom		6,872	6,872
Local Gifts and Donations		17,853	17,853
Athletics		16,476	16,476
Classroom Facilities		394,599	394,599
Federal Grants		1,386	1,386
Debt Service		205,261	205,261
Total Restricted	4,229	644,005	648,234

(Continued)

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

4. FUND BALANCES (Continued)

<u>Fund Balances</u>	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Committed to:			
Board Approved Purchases on Order		85,431	85,431
Assigned to			
Permanent Improvement		226,179	226,179
Purchases on Order	278,857		278,857
Total Assigned	<u>278,857</u>	<u>226,179</u>	<u>505,036</u>
Unassigned (Deficit)	3,017,972	(11,639)	3,006,333
Total Fund Balances	<u>\$3,306,278</u>	<u>\$952,976</u>	<u>\$4,259,254</u>

5. BUDGETARY BASIS OF ACCOUNTING

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

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

<u>Net Change in Fund Balance</u>	
Cash Basis	(\$18,290)
Unrecorded Cash – Fiscal Year 2013	5,750
Unrecorded Cash – Fiscal Year 2012	(4,124)
Adjustment for Encumbrances	<u>(278,857)</u>
Budget Basis	<u>(\$295,521)</u>

6. DEPOSITS AND INVESTMENTS

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

A. Investments

As of June 30, 2013, the School District only had investments in STAROhio in the amount of \$2,116,748. The average maturity of STAROhio is 57.5 days.

B. Interest Rate Risk

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

C. Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year. Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value. The School District receives property taxes from Shelby, Darke, and Miami Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$46,592,590	97.50%	\$46,733,810	97.35%
Public Utility Personal	1,192,920	2.50	1,273,660	2.65
General Business Personal		0.00		0.00
Total Assessed Value	<u>\$47,785,510</u>	<u>100.00%</u>	<u>\$48,007,470</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.47		\$33.77	

8. INCOME TAX

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

9. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School District contracted with the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Insurance Program, an insurance purchasing pool (See Note 18). Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

B. Medical Benefits

For fiscal year 2013, the School District participated in the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust), a public entity shared risk pool (Note 19). The School District pays monthly premiums to the Trust for employee medical and prescription insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

For fiscal year 2013, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309.

SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$124,303, \$113,886 and \$105,609, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$291,651, \$315,856 and \$308,359, respectively. The full amount has been contributed for all three fiscal years. Contributions made to STRS Ohio for the DC Plan and for fiscal year 2013 were \$4,584 made by the School District and \$3,274 made by the plan members. In addition, member contributions of \$11,499 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2013, two members of the Board of Education have elected Social Security. The remaining Board members contribute to SERS. The Board's liability is 6.2 percent of wages paid.

11. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program.

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105©. For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$13,901 in surcharge.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

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

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$15,425, \$18,505 and \$30,130, respectively. The full amount has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$7,049, \$6,752 and \$6,796, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions.

For fiscal year 2013, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$22,435, \$24,297 and \$23,720, respectively. The full amount has been contributed for all three fiscal years.

12. OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Unused vacation cannot be carried forward to the succeeding fiscal year. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifteen days for classified employees and certified employees. Upon retirement, payment is made for one-third of accrued but unused sick leave credit to a maximum of fifty-nine days for classified and certified employees. They are entitled to the amount of unused sick days multiplied by their daily rate (frozen at the 30th year of service) then by one-third.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

13. CAPITAL LEASES – LESSEE DISCLOSURE

In prior years, the School District entered into a lease-purchase agreement with the Columbus Regional Airport Authority for the acquisition, construction and installation of energy conservation improvement. Columbus Regional Airport Authority will retain title to the project during the lease term.

The lease-purchase agreement was paid during fiscal year 2013.

14. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2013 were as follows:

	<u>Principal Outstanding 6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/13</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
School Improvement Refunding and Capital Appreciation Bonds 2008 – 4.00% - 4.25%	\$825,000		\$90,000	\$735,000	\$95,000
School Improvement Refunding Capital Appreciation Bonds 2008 – 4.70% - 4.75%	29,999			29,999	
Capital Lease	79,000		79,000		
Total Long-Term Liabilities	<u>\$933,999</u>	<u>\$0</u>	<u>\$169,000</u>	<u>\$764,999</u>	<u>\$95,000</u>

School Improvement General Obligation Refunding Bonds – The 2008 Refunding Bonds were issued July 12, 2007, for the purpose of advance refunding \$924,999 of the \$1,126,912 outstanding school improvement general obligation bonds. The net proceeds of the 2008 bonds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the School District's financial statements. Of the bonds, \$895,000 are current interest bonds, with maturity dates of December 1, 2007 to December 1, 2019, and \$29,999 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2020 and December 1, 2021. The maturity amount of the capital appreciation bonds is \$240,000. The debt will be retired from the Bond Retirement Debt Service Fund.

The capital lease was paid from the General Fund.

The School District's overall legal debt margin was \$3,760,934 with an un-voted debt margin of \$48,007 at June 30, 2013.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2013, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Capital Appreciation Bonds – 2008</u>		<u>Current Interest Bonds – 2008</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014			\$95,000	\$28,344
2015			95,000	24,544
2016			100,000	20,644
2017			105,000	16,478
2018			110,000	12,043
2019-2022	\$29,999	\$210,001	230,000	9,775
Total	<u>\$29,999</u>	<u>\$210,001</u>	<u>\$735,000</u>	<u>\$111,828</u>

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

15. INTERFUND TRANSFERS AND ADVANCES

At June 30, 2013, the General Fund had been paid for interfund cash advances of \$15,322 advanced out during fiscal year 2012. There were no new advances for fiscal year 2013.

The General Fund had transfers out to the Non-major Governmental Funds of \$13,750. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds.

16. JOINTLY GOVERNED ORGANIZATIONS

A. Upper Valley Career Center

The Upper Valley Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from each of the seven participating districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following school districts: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or local school districts: Piqua, Sidney, Troy and Shelby County Educational Service Center. The Board exercises total control over the operations of Upper Valley Career Center including budgeting, appropriating, contracting and designating management. Each School district's degree of control is limited to its representation on the Board. During fiscal year 2013, the School District did not contribute any money to the Upper Valley Career Center. To obtain financial information write to the Upper Valley Career Center, Paul Carpenter, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

B. Metropolitan Dayton Educational Cooperative Association

The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA), which is a computer consortium. MDECA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The Board exercises total control over the operations of MDECA including budgeting, appropriating, contracting and designating management. Each School district's degree of control is limited to its representation on the Board. During fiscal year 2013, the School District paid \$11,575 to MDECA. Financial information can be obtained from Dean Reineke, who serves as Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts and educational service centers in 12 counties. The purpose of the SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. The Board exercises total control over the operations of SOEPC including budgeting, appropriating, contracting and designating management. Each School district's degree of control is limited to its representation on the Board. During fiscal year 2013, the School District paid \$540 to the SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

D. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under chapter 1702 of the Ohio Revised Code. The purpose of SOITA 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 21 representatives of SOITA member schools or institutions.

Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members. 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 position shall be distributed to the federal government, or to a State or local government, for a public purpose. Payments to SOITA are made from the General Fund. The Board exercises total control over the operations of SOITA including budgeting, appropriating, contracting and designating management. Each School district's degree of control is limited to its representation on the Board. During fiscal year 2013, the School District paid \$510 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

17. RELATED ORGANIZATION

Bradford Public Library

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

18. INSURANCE PURCHASING POOLS

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

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts.

The Chief Administrator of the GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

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

19. PUBLIC ENTITY SHARED RISK POOL

A. Southwestern Ohio Educational Purchasing Council Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501©(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Council and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

20. SET-ASIDES

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

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

	Capital Improvements
Set-aside Restricted Balance June 30, 2012	
Current Fiscal Year Set-aside Requirement	\$102,475
Current Year Offsets	(48,685)
Qualifying Disbursements	(53,790)
Totals	
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

Amounts of offsets and qualifying disbursements presented in the table for capital improvements were limited to those necessary to reduce the fiscal year-end balance to zero. There was a Bus Purchase amount that is part of the total restricted assets in the amount of \$4,229.

21. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2013.

B. Litigation

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

22. DONOR RESTRICTED ENDOWMENTS

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

23. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) *Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62."*

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

The discussion and analysis of Bradford Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012, within the limitations of the School District's cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- A capital appreciation bond matured in fiscal year 2012 from the School Improvement Bond. The maturity amount was \$65,000 with only \$5,099 showing as principal. The remaining amount was an increase to debt payments shown as accretion on capital appreciation bonds.
- School District did not receive any State Fiscal Stabilization funding in fiscal year 2012.
- Foundation increased due to the increase of 8.5 full time equivalent pupils in fiscal year 2012.
- Open enrollment to the School District increased by 5 full time equivalent students. Also, the School District had an increase in charges for services for special education transportation services for other school district.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

Reporting the School District as a Whole

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

The Statement of Net Assets and the Statement of Activities reflect how the School District did financially during fiscal year 2012, within the limitations of the cash basis of accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the School District's general receipts.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2012 compared to fiscal year 2011:

**Table 1
Net Assets**

	2012	2011	Change
Assets:			
Current Assets	\$4,349,280	\$4,102,772	\$246,508
Net Assets:			
Restricted	698,334	890,131	(191,797)
Unrestricted	3,650,946	3,212,641	438,305
Total Net Assets	\$4,349,280	\$4,102,772	\$246,508

Net assets of governmental activities increased \$246,508 during fiscal year 2012. Current assets, which is made up of cash and cash equivalents, rose mainly due to an increase in monies received from state foundation, open enrollment charges for services, and special education transportation services. The School District had both an increase in full time equivalent students and open enrollment students coming into the School District.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, also increased primarily due to the increase of receipts and the conservative measures to keep expenditures low. The restricted net assets decreased due to the nonrenewal of the state fiscal stabilization grant from the federal government in fiscal year 2012.

Table 2 shows the changes in net assets for fiscal years 2012 and 2011.

**Table 2
Change in Net Assets**

	2012	2011	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$948,199	\$825,235	\$122,964
Operating Grants, Interest, and Contributions	729,321	1,030,990	(301,669)
Total Program Cash Receipts	1,677,520	1,856,225	(178,705)
General Receipts:			
Property Taxes Levied for:			
General Purposes	818,290	795,919	22,371
Debt Service	112,576	109,993	2,583
Classroom Facilities Maintenance	16,216	15,879	337
Income Tax	921,948	832,438	89,510
Grants and Entitlements not Restricted to Specific Programs	3,349,601	3,245,843	103,758
Interest	6,540	9,240	(2,700)
Gifts and Donations	1,574	737	837
Miscellaneous	29,828	10,062	19,766
Total General Receipts	5,256,573	5,020,111	236,462
Total Receipts	6,934,093	6,876,336	57,757

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

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

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Cash Disbursements:			
Instruction:			
Regular	2,650,846	2,429,466	221,380
Special	702,682	811,218	(108,536)
Student Intervention Services	15,390	5,582	9,808
Support Services:			
Pupils	404,454	440,873	(36,419)
Instructional Staff	189,358	219,052	(29,694)
Board of Education	36,501	36,386	115
Administration	565,053	600,104	(35,051)
Fiscal	214,558	199,188	15,370
Business	941	820	121
Operation and Maintenance of Plant	542,855	560,721	(17,866)
Pupil Transportation	443,775	397,852	45,923
Central	110,080	133,646	(23,566)
Operation of Non-Instructional Services	333,212	338,342	(5,130)
Extracurricular Activities	277,229	246,481	30,748
Capital Outlay	138	7,313	(7,175)
Principal Retirement	101,099	94,814	6,285
Interest and Fiscal Charges	39,513	42,771	(3,258)
Accretion on Capital Appreciation Bonds	59,901	63,186	(3,285)
Total Cash Disbursements	<u>6,687,585</u>	<u>6,627,815</u>	<u>\$59,770</u>
Change in Net Assets	246,508	248,521	
Net Assets at Beginning of Year	<u>4,102,772</u>	<u>3,854,251</u>	
Net Assets at End of Year	<u>\$4,349,280</u>	<u>\$4,102,772</u>	

Governmental Activities

Overall receipts increased \$57,757. The majority of the increase was in grants and entitlements not restricted to specific programs from the boost in state foundation monies from an increase in enrollment. Income tax also increased in fiscal year 2012. The School District also had an increase in charges for services from open enrollment students and services to other school districts for special education transportation. There was an off-setting decrease in receipts from the nonrenewal of the State Fiscal Stabilization grant monies in fiscal year 2012. In fiscal year 2011, the receipts amounted to \$263,518.

Disbursements increased \$59,770. The School District, through fiscal restraint, was able to keep disbursements consistent with the prior year.

The School District's Funds

The School District's funds are accounted for using the cash basis of accounting. The only major fund for fiscal year 2012 was the General Fund. All governmental funds had total receipts of \$6,934,093 and disbursements of \$6,687,585. For fiscal year 2012, the fund balance increased mainly due to a boost in state foundation monies and income tax receipts as well as an increase in open enrollment.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

General Fund Budgeting Highlights

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

During the course of fiscal year 2012, the School District amended its General Fund budget several times, which resulted in final appropriations increasing \$17,090. The School District uses site-based budgeting and the budgeting systems that are designed to tightly control total site budgets but provide flexibility for site management. This caused actual disbursements to be \$392,838 lower than the final budgeted amount.

For the General Fund, the final budget basis receipts estimate increased from the original budget basis revenue by \$160,091 mainly due to an error in calculating estimated revenues. Actual receipts were \$5,812,271, an increase of \$13,722 from the final budget basis.

Capital Assets

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

Debt Administration

Table 3 summarizes the School District's bonds outstanding:

**Table 3
Outstanding Debt, at Fiscal Year-End
Governmental Activities**

	2012	2011
School Improvement Bonds		\$5,099
School Improvement Refunding Bonds	\$854,999	874,999
Capital Lease	79,000	155,000
Totals	<u>\$933,999</u>	<u>\$1,035,098</u>

During the fiscal year, the School District made payments on all three debt issues. For more information on the School District's debt, see Notes 13 and 14 of the Basic Financial Statements.

Contacting the School District's Financial Management

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

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2012**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$4,347,316
Cash and Cash Equivalents with Fiscal Agent	1,964
Total Assets	4,349,280
 Net Assets:	
Restricted for:	
Debt Service	199,980
Capital Outlay	108,567
Other Purposes	59,180
Classroom Facilities	320,057
Kindergarten Classroom:	
Expendable	1,550
Non-Expendable	9,000
Unrestricted	3,650,946
Total Net Assets	\$4,349,280

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Interest, and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$2,650,846	\$482,706	\$122,649	(\$2,045,491)
Special	702,682		211,647	(491,035)
Student Intervention Services	15,390			(15,390)
Support Services:				
Pupils	404,454		133,240	(271,214)
Instructional Staff	189,358		5,558	(183,800)
Board of Education	36,501			(36,501)
Administration	565,053		11,536	(553,517)
Fiscal	214,558		26,689	(187,869)
Business	941			(941)
Operation and Maintenance of Plant	542,855		15,852	(527,003)
Pupil Transportation	443,775	214,446	2,895	(226,434)
Central	110,080		4,218	(105,862)
Operation of Non-Instructional Services	333,212	160,477	178,784	6,049
Extracurricular Activities	277,229	90,570	16,253	(170,406)
Capital Outlay	138			(138)
Principal Retirement	101,099			(101,099)
Interest and Fiscal Charges	39,513			(39,513)
Accretion on Capital Appreciation Bonds	59,901			(59,901)
Totals	<u><u>\$6,687,585</u></u>	<u><u>\$948,199</u></u>	<u><u>\$729,321</u></u>	<u><u>(5,010,065)</u></u>
General Receipts:				
Property Taxes Levied for:				
General Purposes				818,290
Classroom Facilities Maintenance				16,216
Debt Service				112,576
Income Tax				921,948
Grants and Entitlements not Restricted to Specific Programs				3,349,601
Interest				6,540
Gifts and Donations				1,574
Miscellaneous				29,828
Total General Receipts				<u><u>5,256,573</u></u>
Change in Net Assets				246,508
Net Assets at Beginning of Year				<u><u>4,102,772</u></u>
Net Assets at End of Year				<u><u>\$4,349,280</u></u>

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,320,339	\$1,022,748	\$4,343,087
Cash and Cash Equivalents with Fiscal Agent		1,964	1,964
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	4,229		4,229
Total Assets	<u>3,324,568</u>	<u>1,024,712</u>	<u>4,349,280</u>
Fund Balances:			
Non-spendable	5,220	9,000	14,220
Restricted	4,229	685,105	689,334
Assigned	211,784	330,607	542,391
Unassigned	3,103,335		3,103,335
Total Fund Balances	<u>\$3,324,568</u>	<u>\$1,024,712</u>	<u>\$4,349,280</u>

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:			
Property Taxes	\$818,290	\$128,792	\$947,082
Income Tax	921,948		921,948
Intergovernmental	3,440,320	616,242	4,056,562
Interest	6,488	58	6,546
Charges for Services	214,446	160,477	374,923
Tuition and Fees	450,084		450,084
Rent	200		200
Extracurricular Activities	39,957	83,035	122,992
Gifts and Donations	3,136	20,792	23,928
Miscellaneous	29,827	1	29,828
Total Receipts	<u>5,924,696</u>	<u>1,009,397</u>	<u>6,934,093</u>
Disbursements:			
Current:			
Instruction:			
Regular	2,525,473	125,373	2,650,846
Special	592,428	110,254	702,682
Student Intervention Services	15,390		15,390
Support Services:			
Pupils	261,994	142,460	404,454
Instructional Staff	183,416	5,942	189,358
Board of Education	36,501		36,501
Administration	553,076	11,977	565,053
Fiscal	211,701	2,857	214,558
Business	941		941
Operation and Maintenance of Plant	520,024	22,831	542,855
Pupil Transportation	443,286	489	443,775
Central	104,885	5,195	110,080
Operation of Non-Instructional Services	7	333,205	333,212
Extracurricular Activities	167,309	109,920	277,229
Capital Outlay		138	138
Debt Service:			
Principal Retirement	76,000	25,099	101,099
Interest and Fiscal Charges	5,269	34,244	39,513
Accretion on Capital Appreciation Bonds		59,901	59,901
Total Disbursements	<u>5,697,700</u>	<u>989,885</u>	<u>6,687,585</u>
Excess of Receipts Over Disbursements	<u>226,996</u>	<u>19,512</u>	<u>246,508</u>
Other Financing Sources (Uses):			
Transfers In		6,250	6,250
Advances In		15,322	15,322
Transfers Out	(6,250)		(6,250)
Advances Out	(15,322)		(15,322)
Total Other Financing Sources (Uses)	<u>(21,572)</u>	<u>21,572</u>	<u></u>
Net Change in Fund Balance	205,424	41,084	246,508
Fund Balances at Beginning of Year	<u>3,119,144</u>	<u>983,628</u>	<u>4,102,772</u>
Fund Balances at End of Year	<u>\$3,324,568</u>	<u>\$1,024,712</u>	<u>\$4,349,280</u>

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Property Taxes	\$875,533	\$817,933	\$818,290	\$357
Income Tax	825,000	920,000	921,948	1,948
Intergovernmental	3,445,625	3,424,200	3,424,083	(117)
Interest	5,000	5,800	6,488	688
Charges for Services	143,960	172,500	172,500	
Tuition and Fees	305,150	407,260	408,571	1,311
Rent	500	200	200	
Extracurricular Activities	20,150	39,859	39,957	98
Gifts and Donations	3,300	3,132	3,136	4
Miscellaneous	14,240	7,665	17,098	9,433
Total Receipts	<u>5,638,458</u>	<u>5,798,549</u>	<u>5,812,271</u>	<u>13,722</u>
Disbursements:				
Current:				
Instruction:				
Regular	2,608,547	2,622,047	2,542,884	79,163
Special	824,139	824,139	642,668	181,471
Student Intervention Services	6,058	6,058		6,058
Other	15,400	15,400	15,390	10
Support Services:				
Pupils	292,721	292,721	284,416	8,305
Instructional Staff	183,974	183,974	185,899	(1,925)
Board of Education	42,835	42,835	37,165	5,670
Administration	577,907	577,907	576,592	1,315
Fiscal	212,908	212,908	213,862	(954)
Business	2,250	2,250	941	1,309
Operation and Maintenance of Plant	685,302	685,302	571,570	113,732
Pupil Transportation	461,473	461,473	460,572	901
Central	115,293	115,293	122,783	(7,490)
Operation of Non-Instructional Services		8	7	1
Extracurricular Activities	170,754	170,754	165,513	5,241
Capital Outlay		3,582	3,582	
Debt Service:				
Principal Retirement	76,027	76,027	76,000	27
Interest and Fiscal Charges	5,273	5,273	5,269	4
Total Disbursements	<u>6,280,861</u>	<u>6,297,951</u>	<u>5,905,113</u>	<u>392,838</u>
Excess of Receipts Under Disbursements	<u>(642,403)</u>	<u>(499,402)</u>	<u>(92,842)</u>	<u>406,560</u>
Other Financing Sources (Uses):				
Refund of Prior Year Disbursements	100,000	112,525	112,425	(100)
Proceeds from Sale of Capital Assets	1,000			
Transfers Out	(100,000)	(10,000)	(6,250)	3,750
Advances Out		(15,500)	(15,322)	178
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>87,025</u>	<u>90,853</u>	<u>3,828</u>
Net Change in Fund Balance	(641,403)	(412,377)	(1,989)	410,388
Fund Balance at Beginning of Year	2,960,131	2,960,131	2,960,131	
Prior Year Encumbrances Appropriated	158,765	158,765	158,765	
Fund Balance at End of Year	<u>\$2,477,493</u>	<u>\$2,706,519</u>	<u>\$3,116,907</u>	<u>\$410,388</u>

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2012**

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	<u>\$106,504</u>	<u>\$23,830</u>
Net Assets:		
Held in Trust for Scholarships	106,504	
Held on Behalf of Students		<u>23,830</u>
Total Net Assets	<u>\$106,504</u>	<u>\$23,830</u>

See Accompanying Notes to the Basic Financial Statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

	Private Purpose Trust
Additions:	
Investment Earnings	\$22
Gifts and Contributions	11,300
Total Additions	11,322
 Deductions:	
Payments in Accordance with Trust Agreements	13,000
Change in Net Assets	(1,678)
Net Assets at Beginning of Year	108,182
Net Assets at End of Year	\$106,504

See Accompanying Notes to the Basic Financial Statements.

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

Reporting Entity

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

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

The School District participates in three jointly governed organizations, one related organization, two insurance purchasing pools, and a public entity shared risk pool. These organizations include the Upper Valley Career Center, the Metropolitan Dayton Educational Cooperative Association, the Southwestern Ohio Educational Purchasing Council, the Bradford Public Library, the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Insurance Program, and the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust. These organizations are presented in Notes 16, 17, 18 and 19 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

1. Government-wide Financial Statements

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

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

2. Fund Financial Statements

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District divides its funds into two categories: governmental and fiduciary.

1. Governmental Funds

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

2. Fiduciary Funds

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

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

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

D. Cash and Cash Equivalents

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

During fiscal year 2012, the School District's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio) and nonnegotiable certificates of deposit. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value which is the price the investment could be sold for on June 30, 2012. Certificates of deposit are valued at cost.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest credited to the General Fund during fiscal year 2012 amounted to \$6,488, which includes \$1,570 assigned from other School District funds.

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

E. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent unspent receipts restricted for bus purchase.

F. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for post-employment health care benefits.

G. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

J. Interfund Receivables/Payables

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

K. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

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

M. Fund Balance

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

1. Non-spendable

The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

2. Restricted

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

3. Committed

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

4. Assigned

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Treasurer has been given authority to assign amounts for these purposes by the School District Board of Education.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Unassigned

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

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

N. Budgetary Process

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

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

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

O. Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. COMPLIANCE

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

4. FUND BALANCES

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

Fund Balances	General	Other Governmental Funds	Total
Non-spendable			
Unclaimed Monies	\$5,220		\$5,220
Permanent Non-expendable		\$9,000	9,000
Total Non-spendable	<u>5,220</u>	<u>9,000</u>	<u>14,220</u>
Restricted for:			
Bus Purchase	4,229		4,229
Permanent Expendable		1,550	1,550
Lunchroom		27,563	27,563
Local Gifts and Donations		18,974	18,974
Classroom Facilities		424,395	424,395
Athletics		10,290	10,290
Auxiliary Services		1,964	1,964
Title I		389	389
Debt Service		199,980	199,980
Total Restricted	<u>4,229</u>	<u>685,105</u>	<u>689,334</u>
Assigned to:			
Permanent Improvement		330,607	330,607
Purchases on Order	211,784		211,784
Total Assigned	<u>211,784</u>	<u>330,607</u>	<u>542,391</u>
Unassigned	<u>3,103,335</u>		<u>3,103,335</u>
Total Fund Balances	<u>\$3,324,568</u>	<u>\$1,024,712</u>	<u>\$4,349,280</u>

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING

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

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

<u>Net Change in Fund Balance</u>	
Cash Basis	\$205,424
Unrecorded Cash – Fiscal Year 2012	4,124
Unrecorded Cash – Fiscal Year 2011	248
Adjustment for Encumbrances	<u>(211,785)</u>
Budget Basis	<u><u>(\$1,989)</u></u>

6. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

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

A. Investments

As of June 30, 2012, the School District only had investments in STAROhio in the amount of \$2,205,568. The average maturity of STAROhio is 53 days.

B. Interest Rate Risk

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

C. Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

7. PROPERTY TAXES

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

7. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Shelby, Darke, and Miami Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2011 Second- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$46,774,620	97.51%	\$46,592,590	97.50%
Public Utility Personal	1,162,100	2.42	1,192,920	2.50
General Business Personal	34,440	0.07		0.00
Total Assessed Value	<u>\$47,971,160</u>	<u>100.00%</u>	<u>\$47,785,510</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.47		\$34.47	

8. INCOME TAX

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

9. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the School District contracted with the Southwestern Ohio Educational Purchasing Council Property, Fleet and Liability Insurance Program, an insurance purchasing pool (See Note 18).

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

B. Medical Benefits

For fiscal year 2012, the School District participated in the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust), a public entity shared risk pool (Note 19). The School District pays monthly premiums to the Trust for employee medical and prescription insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

For fiscal year 2012, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$113,886, \$105,609 and \$105,543, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$315,856, \$308,359 and \$297,337, respectively. The full amounts has been contributed for all three fiscal years. Contributions to the DC and Combined Plans for fiscal year 2012 were \$21,575 made by the School District and \$15,411 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2012, two members of the Board of Education have elected Social Security. The remaining Board members contribute to SERS. The Board's liability is 6.2 percent of wages paid.

11. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105©. For fiscal year 2012, 0.55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2012, this amount was \$35,800. During fiscal year 2012, the School District paid \$13,103 in surcharge.

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$18,505, \$30,130 and \$16,284, respectively. The full amount has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$6,752, \$6,796 and \$6,276, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$24,297, \$23,720 and \$22,872, respectively. The full amount has been contributed for all three fiscal years.

12. OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Unused vacation cannot be carried forward to the succeeding fiscal year. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifteen days for classified employees and certified employees. Upon retirement, payment is made for one-third of accrued but unused sick leave credit to a maximum of fifty-nine days for classified and certified employees. They are entitled to the amount of unused sick days multiplied by their daily rate (frozen at the 30th year of service) then by one-third.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

13. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2012 were as follows:

	<u>Principal Outstanding 6/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/12</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
School Improvement Capital Appreciation Bonds 2000 – 4.30% - 5.25%	\$5,099		\$5,099		
School Improvement Refunding Bonds 2008 – 4.00% - 4.25%	845,000		20,000	\$825,000	\$90,000
School Improvement Refunding Capital Appreciation Bonds 2008 – 4.70% - 4.75%	29,999			29,999	
Capital Lease	155,000		76,000	79,000	79,000
Total Long-Term Liabilities	<u>\$1,035,098</u>	<u>\$0</u>	<u>\$101,099</u>	<u>\$933,999</u>	<u>\$169,000</u>

School Improvement General Obligation Bonds – The School District issued bonds in the amount of \$1,466,912 during fiscal year 2000. Of these bonds, \$530,000 are serial bonds, with maturity dates of December 1, 2000, to December 1, 2009, and \$925,000 are term bonds, with a maturity date of December 1, 2021. \$11,913 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2010, and 2011. The maturity amount is \$70,000 and \$65,000, respectively. The bonds were issued for a 23-year period with final maturity to occur during fiscal year 2022. During fiscal year 2008, the School District retired \$60,000, and \$924,999 of the bonds were advance refunded. The new final maturity was June 1, 2012. The debt was retired from the Bond Retirement Debt Service Fund.

School Improvement General Obligation Refunding Bonds – The 2008 Refunding Bonds were issued July 12, 2007, for the purpose of advance refunding \$924,999 of the \$1,126,912 outstanding school improvement general obligation bonds. The net proceeds of the 2008 bonds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the School District's financial statements. Of the bonds, \$895,000 are current interest bonds, with maturity dates of December 1, 2007 to December 1, 2019, and \$29,999 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2020 and December 1, 2021. The maturity amount of the capital appreciation bonds is \$240,000. The debt will be retired from the Bond Retirement Debt Service Fund.

The capital lease will be paid from the General Fund.

The School District's overall legal debt margin was \$3,645,676 with an un-voted debt margin of \$47,785 at June 30, 2012.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2012, are as follows:

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

13. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending June 30,	Capital Appreciation Bonds – 2008		Current Interest Bonds – 2008	
	Principal	Interest	Principal	Interest
2013			\$90,000	\$32,044
2014			95,000	28,344
2015			95,000	24,544
2016			100,000	20,644
2017			105,000	16,478
2018-2022	\$29,999	\$210,001	340,000	21,818
Total	\$29,999	\$210,001	\$825,000	\$143,872

14. CAPITAL LEASES – LESSEE DISCLOSURE

In prior years, the School District entered into a lease-purchase agreement with the Columbus Regional Airport Authority for the acquisition, construction and installation of energy conservation improvement. Columbus Regional Airport Authority will retain title to the project during the lease term.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2012.

Ending June 30,	Payments
2013	\$81,059
Less: amount representing interest	(2,059)
Present value of minimum lease payments	\$79,000

15. INTERFUND TRANSFERS AND ADVANCES

At June 30, 2012, the General Fund had unpaid interfund cash advances of \$15,322, for short-term loans made to the Non-major Governmental Funds during fiscal year 2012. This is expected to be repaid within one year

The General Fund had transfers out to the Non-major Governmental Funds of \$6,250. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds.

16. JOINTLY GOVERNED ORGANIZATIONS

A. Upper Valley Career Center

The Upper Valley Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from each of the seven participating districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following school districts: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or local school districts: Piqua, Sidney, Troy and Shelby County Educational Service Center. During fiscal year 2012, the School District did not contribute any money to the Upper Valley Career Center. To obtain financial information write to the Upper Valley Career Center, Paul Carpenter, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Metropolitan Dayton Educational Cooperative Association

The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA), which is a computer consortium. MDECA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. During fiscal year 2012, the School District paid \$11,899 to MDECA. Financial information can be obtained from Dean Reineke, who serves as Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

C. Southwestern Ohio Educational Purchasing Council

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

Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2012, the School District paid \$532 to the SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

17. RELATED ORGANIZATION

Bradford Public Library

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

18. INSURANCE PURCHASING POOLS

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

The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

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

19. PUBLIC ENTITY SHARED RISK POOL

Southwestern Ohio Educational Purchasing Council Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Council and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

20. SET-ASIDES

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

20. SET-ASIDES (Continued)

	Capital Improvements
Set-aside Restricted Balance June 30, 2011	
Current Fiscal Year Set-aside Requirement	\$106,275
School Improvement Bond Proceeds	(90,924)
Qualifying Disbursements	(15,351)
Totals	\$0
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Restricted Balance June 30, 2012	\$0

Amounts of offsets and qualifying disbursements presented in the table for capital improvements were limited to those necessary to reduce the fiscal year-end balance to zero. There was a Bus Purchase amount that is part of the total restricted assets in the amount of \$4,229. In previous fiscal years, the School District was required to have a textbook requirement. Effective July 1, 2011, House Bill 30 of the 129th General Assembly repealed the textbook requirement.

21. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2012.

B. Litigation

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

22. DONOR RESTRICTED ENDOWMENTS

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

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Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Bradford Exempted Village School District, Miami County, (the School District) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 18, 2014, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 18, 2014

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Noncompliance

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

Ohio Adm. Code Section 117-2-03(B) requires the school district to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). The School District prepared its financial statements in accordance with the cash accounting basis. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to **Ohio Rev. Code Section 117.38** the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

To help provide the users with more meaningful financial statements, the School District should prepare their annual financial statements in accordance with generally accepted accounting principles.

Official's Response:

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	ORC 117.38 and OAC 117-2-03(B) – Failure to prepare financial statements in accordance with GAAP	No	Not Corrected; repeat as Finding 2013-001



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on May 16, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 18, 2014

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Dave Yost • Auditor of State

BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 22, 2014**