



Mary Taylor, CPA
Auditor of State

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeport Exempted Village School District, Belmont County, Ohio, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the financial statements, the District has changed its capitalization criteria for Governmental Activities capital assets from \$2,000 to \$5,000 and a change in policy to no longer capitalize library books.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Mary Taylor, CPA
Auditor of State

March 14, 2008

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

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

The management's discussion and analysis of the Bridgeport Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets of governmental activities decreased \$456,443 which represents a 2.75% decrease from 2006.
- General revenues accounted for \$5,988,778 in revenue or 72.92% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,224,113 or 27.08% of total revenues of \$8,212,891.
- The District had \$8,857,406 in expenses related to governmental activities; \$2,224,113 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$5,988,778 were not adequate to provide for these programs.
- The District's major governmental funds are the General Fund and Classroom Facilities Fund. The General Fund had \$5,916,270 in revenues and other financing sources and \$5,978,815 in expenditures and other financing uses. During fiscal year 2007, the General Fund's fund balance decreased \$62,545 from a deficit of \$461,380 to a deficit of \$523,925.
- The Classroom Facilities Fund had \$2,343,568 in revenues and \$8,069,912 in expenditures. During fiscal year 2007, the Classroom Facilities Fund's fund balance decreased \$5,726,344 from \$7,100,401 to \$1,374,057.

Using these Basic Financial Statements

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

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

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

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

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-58 of this report.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. The July 1, 2006 net assets have been restated as described in Note 3.A to the basic financial statements.

The table below provides a summary of the District's net assets for 2007 and 2006.

	Net Assets	
	Governmental	(Restated) Governmental
	Activities	Activities
	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Current and other assets	\$ 4,832,632	\$ 13,186,687
Capital assets	<u>19,862,488</u>	<u>12,092,163</u>
Total assets	<u>24,695,120</u>	<u>25,278,850</u>
<u>Liabilities</u>		
Current liabilities	2,624,592	3,001,073
Long-term liabilities	<u>5,957,361</u>	<u>5,708,167</u>
Total liabilities	<u>8,581,953</u>	<u>8,709,240</u>
<u>Net Assets</u>		
Invested in capital		
assets, net of related debt	14,907,089	7,037,681
Restricted	2,238,700	10,230,452
Unrestricted (deficit)	<u>(1,032,622)</u>	<u>(698,523)</u>
Total net assets	<u>\$ 16,113,167</u>	<u>\$ 16,569,610</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$16,113,167. Of this total, \$2,238,700 is restricted in use.

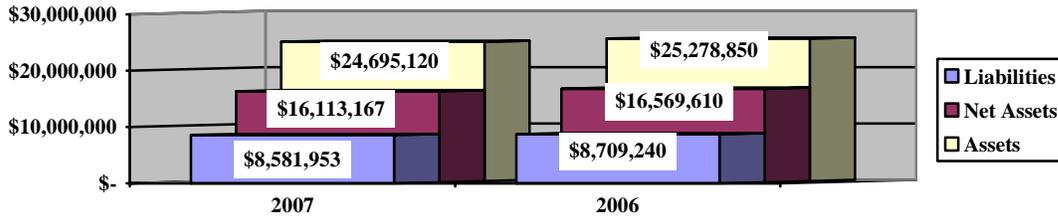
**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY, OHIO**

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

At year-end, capital assets represented 80.43% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007, were \$14,907,089. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$2,238,700, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$1,032,622.

Governmental Activities



The table below shows the change in net assets for fiscal year 2007 and 2006.

Change in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Revenues		
Program revenues:		
Charges for services and sales	\$ 377,627	\$ 404,925
Operating grants and contributions	1,769,028	1,816,084
Capital grants and contributions	77,458	22,858
General revenues:		
Property taxes	1,943,959	1,939,400
Grants and entitlements	3,798,859	3,729,829
Investment earnings	201,071	371,891
Other	44,889	19,824
Total revenues	8,212,891	8,304,811

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

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

Change in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
	<u>2007</u>	<u>2006</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 3,930,852	\$ 3,772,746
Special	1,189,990	1,154,698
Vocational	23,742	34,138
Other	122,710	36,706
Support services:		
Pupil	327,320	283,501
Instructional staff	228,313	252,054
Board of education	34,756	26,386
Administration	647,850	603,112
Fiscal	294,080	273,454
Business	5,423	5,959
Operations and maintenance	945,668	846,828
Pupil transportation	280,203	314,654
Central	9,829	40,674
Food service operations	339,300	309,062
Other non-instructional services	28,818	25,405
Extracurricular activities	160,508	136,993
Intergovernmental pass-through	60,137	60,076
Interest and fiscal charges	<u>227,907</u>	<u>218,381</u>
Total expenses	<u>8,857,406</u>	<u>8,394,827</u>
Special Items	<u>188,072</u>	<u>-</u>
Change in net assets	(456,443)	(90,016)
Net assets at beginning of year	<u>16,569,610</u>	<u>16,659,626</u>
Net assets at end of year	<u>\$ 16,113,167</u>	<u>\$ 16,569,610</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$456,443. Total governmental expenses of \$8,857,406 were offset by program revenues of \$2,224,113 and general revenues of \$5,988,778. Program revenues supported 25.11% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 69.92% of total governmental revenue.

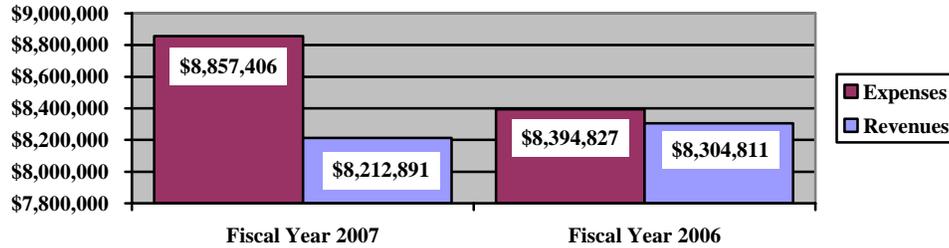
The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,267,294 or 59.47% of total governmental expenses for fiscal 2007.

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

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

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2007 and 2006.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Program expenses				
Instruction:				
Regular	\$ 3,930,852	\$ 3,406,418	\$ 3,772,746	\$ 3,206,335
Special	1,189,990	374,199	1,154,698	298,317
Vocational	23,742	(22,516)	34,138	(39,457)
Other	122,710	18,695	36,706	36,706
Support services:				
Pupil	327,320	313,524	283,501	270,369
Instructional staff	228,313	135,435	252,054	134,331
Board of education	34,756	34,412	26,386	26,386
Administration	647,850	628,268	603,112	595,415
Fiscal	294,080	290,988	273,454	271,763
Business	5,423	3,623	5,959	2,867
Operations and maintenance	945,668	842,718	846,828	800,104
Pupil transportation	280,203	259,253	314,654	189,308
Central	9,829	6,629	40,674	38,766
Food service operations	339,300	225,475	309,062	6,006
Other non-instructional services	28,818	3,665	25,405	809
Extracurricular activities	160,508	110,896	136,993	95,060
Intergovernmental pass-through	60,137	(9,038)	60,076	(506)
Interest and fiscal charges	227,907	10,649	218,381	218,381
Total expenses	\$ 8,857,406	\$ 6,633,293	\$ 8,394,827	\$ 6,150,960

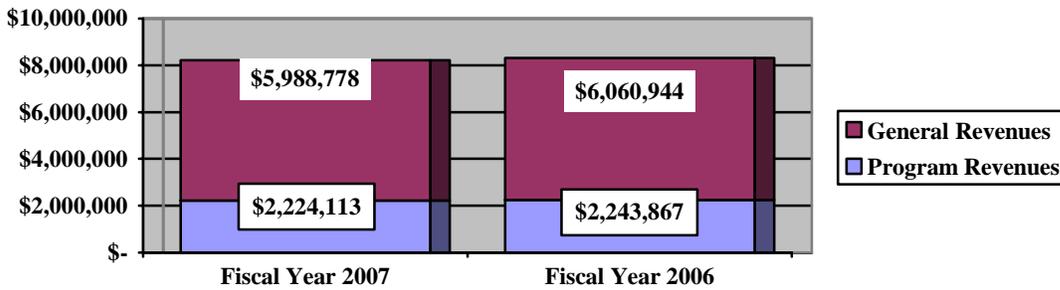
**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY, OHIO**

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

The dependence upon tax and other general revenues for governmental activities is apparent, 71.70% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 67.62%.

The graph below presents the District's governmental activities revenue for fiscal year 2007 and 2006.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$1,303,986, which is lower than last year's total of \$7,233,860. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	Fund Balance (Deficit) <u>June 30, 2007</u>	Fund Balance (Deficit) <u>June 30, 2006</u>	<u>Decrease</u>	<u>Percentage Change</u>
General	\$ (523,925)	\$ (461,380)	\$ (62,545)	13.56 %
Classroom Facilities	1,374,057	7,100,401	(5,726,344)	(80.65) %
Other Governmental	<u>453,854</u>	<u>594,839</u>	<u>(140,985)</u>	(23.70) %
Total	<u>\$ 1,303,986</u>	<u>\$ 7,233,860</u>	<u>\$ (5,929,874)</u>	(81.97) %

An analysis of the General Fund revenues and expenditures is provided in the section below. The decrease in the fund balances of the other governmental funds is primarily due to fund balance decreases of \$78,555 and \$72,575 in the Building Capital Projects Fund and Poverty Aid Special Revenue Fund, respectively.

General Fund

The District's General Fund balance decreased \$62,545. Expenditures exceed revenues for fiscal year 2007 by \$122,605. The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

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

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

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 1,508,651	\$ 1,520,269	\$ (11,618)	(0.76) %
Tuition	212,925	251,302	(38,377)	(15.27) %
Earnings on investments	24,411	16,318	8,093	49.60 %
Intergovernmental	4,055,111	4,171,182	(116,071)	(2.78) %
Other revenues	<u>44,112</u>	<u>28,506</u>	<u>15,606</u>	54.75 %
Total	<u>\$ 5,845,210</u>	<u>\$ 5,987,577</u>	<u>\$ (142,367)</u>	(2.38) %
<u>Expenditures</u>				
Instruction	\$ 3,641,024	\$ 3,859,957	\$ (218,933)	(5.67) %
Support services	2,155,267	2,527,441	(372,174)	(14.73) %
Extracurricular activities	85,738	77,835	7,903	10.15 %
Capital outlay	71,060	-	71,060	100.00 %
Debt service	<u>14,726</u>	<u>9,172</u>	<u>5,554</u>	60.55 %
Total	<u>\$ 5,967,815</u>	<u>\$ 6,474,405</u>	<u>\$ (506,590)</u>	(7.82) %

Earnings on investments increased due to increasing interest rates during the year. Tuition revenues decreased slightly as a result of declined enrollment from other school districts. Capital outlays and debt service expenditures increased due to capital lease transactions during the year. Other revenues, which are made up of rentals, contributions and donations, services provided to other entities, transportation fees and miscellaneous revenues increased primarily due to increasing revenues from local sources. Instruction and support services expenditures decreased during the year as a result of efficient spending. All other revenues and expenditures remained comparable to prior years.

Classroom Facilities Fund

The Classroom Facilities Fund had \$2,343,568 in revenues and \$8,069,912 in expenditures. During fiscal year 2007, the Classroom Facilities Fund's fund balance decreased \$5,726,344 from \$7,100,401 to \$1,374,057.

General Fund Budgeting Highlights

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

Original and Final budgeted revenues and other financing sources were \$6,180,892. Actual revenues and other financing sources for fiscal 2007 was \$5,821,228. This represents a \$359,664 decrease from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$6,219,169 were the same as the final appropriations. The actual budget basis expenditures for fiscal year 2007 totaled \$5,981,785, which was \$237,384 less than the final budget appropriations.

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

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

Capital Assets and Debt Administration

Capital Assets

Capital assets have been restated as of July 1, 2006 as stated in Note 3.A. in the notes to the basic financial statements. At the end of fiscal 2007, the District had \$19,862,488 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2007 balances compared to 2006:

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

	Governmental Activities	
	2007	(Restated) 2006
Land	\$ 823,169	\$ 823,169
Land improvements	225,621	10,950
Building and improvements	18,266,196	58,842
Furniture and equipment	397,092	80,356
Vehicles	150,410	182,521
Construction in progress	-	10,936,325
Total	<u>\$ 19,862,488</u>	<u>\$ 12,092,163</u>

The overall increase in capital assets of \$7,770,325 is due to capital outlays of \$8,091,130 exceeding depreciation expense of \$239,562 and net disposals of \$81,243 in the fiscal year.

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

Debt Administration

At June 30, 2007, the District had \$64,222 in capital lease obligations, \$4,695,000 in general obligation bonds outstanding and \$150,000 in notes payable. Of this total, \$123,915 is due within one year and \$4,785,307 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2007	Governmental Activities 2006
Capital lease obligations	\$ 64,222	\$ 5,901
Lease-purchase agreement	-	5,510
General obligation bonds	4,695,000	4,805,000
Notes payable	150,000	190,000
Total	<u>\$ 4,909,222</u>	<u>\$ 5,006,411</u>

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

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

See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

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

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

Contacting the District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,102,949
Investments.	1,086,403
Cash with fiscal agent.	121,976
Receivables:	
Taxes	2,108,075
Intergovernmental	290,005
Accrued interest	3,172
Prepayments	2,221
Materials and supplies inventory	14,366
Loans.	184
Unamortized bond issue costs	103,281
Capital assets:	
Land	826,169
Depreciable capital assets, net	19,036,319
Capital assets, net.	<u>19,862,488</u>
 Total assets.	 <u>24,695,120</u>
 Liabilities:	
Accounts payable.	21,818
Contracts payable.	218,654
Accrued wages and benefits	565,258
Pension obligation payable.	162,324
Intergovernmental payable	10,462
Accrued interest payable	24,196
Claims payable	14,537
Unearned revenue.	1,607,343
Long-term liabilities:	
Due within one year.	285,965
Due within more than one year	5,671,396
 Total liabilities	 <u>8,581,953</u>
 Net Assets:	
Invested in capital assets, net of related debt.	14,907,089
Restricted for:	
Capital projects	1,846,793
Debt service.	171,939
Classroom facilities maintenance	113,540
Locally funded programs	5
State funded programs.	52,678
Federally funded programs	15,825
Student activities.	8,317
Public school support	4,303
Other purposes	25,300
Unrestricted (deficit)	<u>(1,032,622)</u>
 Total net assets	 <u>\$ 16,113,167</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

		<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
Instruction:					
Regular	\$ 3,930,852	\$ 214,745	\$ 308,659	\$ 1,030	\$ (3,406,418)
Special	1,189,990	-	815,299	492	(374,199)
Vocational	23,742	-	46,258	-	22,516
Other	122,710	-	104,015	-	(18,695)
Support services:					
Pupil	327,320	-	13,796	-	(313,524)
Instructional staff	228,313	-	92,878	-	(135,435)
Board of education	34,756	-	-	344	(34,412)
Administration	647,850	-	17,868	1,714	(628,268)
Fiscal	294,080	-	-	3,092	(290,988)
Business	5,423	-	1,800	-	(3,623)
Operations and maintenance	945,668	-	42,618	60,332	(842,718)
Pupil transportation	280,203	10,721	2,623	7,606	(259,253)
Central	9,829	-	3,200	-	(6,629)
Operation of non-instructional services:					
Food service operations	339,300	113,825	-	-	(225,475)
Other non-instructional services	28,818	-	25,153	-	(3,665)
Extracurricular activities	160,508	38,336	8,428	2,848	(110,896)
Intergovernmental pass-through	60,137	-	69,175	-	9,038
Interest and fiscal charges	227,907	-	217,258	-	(10,649)
Total governmental activities	\$ 8,857,406	\$ 377,627	\$ 1,769,028	\$ 77,458	(6,633,293)
 General Revenues:					
Property taxes levied for:					
General purposes					1,537,419
Special revenue					44,380
Debt service					317,863
Capital projects					44,297
Grants and entitlements not restricted					
to specific programs					3,798,859
Investment earnings					201,071
Miscellaneous					44,889
Total general revenues					5,988,778
 Special item:					
Gain on sale of buildings					188,072
Total general revenues and special item					6,176,850
Change in net assets					(456,443)
Net assets at beginning of year (restated)					16,569,610
Net assets at end of year					\$ 16,113,167

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ -	\$ 492,506	\$ 610,443	\$ 1,102,949
Investments	-	1,086,403	-	1,086,403
Receivables:				
Taxes	1,657,043	-	451,032	2,108,075
Intergovernmental	-	158,735	131,270	290,005
Accrued interest	3,172	-	-	3,172
Interfund receivable.	72,800	-	-	72,800
Loans	184	-	-	184
Due from other funds	-	13,802	-	13,802
Prepayments	2,221	-	-	2,221
Materials and supplies inventory	10,770	-	3,596	14,366
Total assets	<u>\$ 1,746,190</u>	<u>\$ 1,751,446</u>	<u>\$ 1,196,341</u>	<u>\$ 4,693,977</u>
Liabilities:				
Accounts payable	\$ 9,446	\$ -	\$ 12,372	\$ 21,818
Contracts payable	-	218,654	-	218,654
Accrued wages and benefits	430,702	-	134,556	565,258
Early retirement incentive payable	146,442	-	-	146,442
Pension obligation payable.	128,695	-	33,629	162,324
Intergovernmental payable	7,368	-	3,094	10,462
Interfund payable.	-	-	72,800	72,800
Due to other funds	13,802	-	-	13,802
Deferred revenue.	270,215	158,735	142,138	571,088
Unearned revenue	1,263,445	-	343,898	1,607,343
Total liabilities	<u>2,270,115</u>	<u>377,389</u>	<u>742,487</u>	<u>3,389,991</u>
Fund Balances:				
Reserved for encumbrances	65,099	393,366	37,736	496,201
Reserved for materials and supplies inventory.	10,770	-	3,596	14,366
Reserved for prepayments	2,221	-	-	2,221
Reserved for property tax unavailable for appropriation	126,555	-	34,447	161,002
Reserved for debt service.	-	-	111,792	111,792
Reserved for school bus purchases	25,300	-	-	25,300
Unreserved, undesignated (deficit), reported in:				
General fund	(753,870)	-	-	(753,870)
Special revenue funds.	-	-	(4,606)	(4,606)
Capital projects funds.	-	980,691	270,889	1,251,580
Total fund balances	<u>(523,925)</u>	<u>1,374,057</u>	<u>453,854</u>	<u>1,303,986</u>
Total liabilities and fund balances	<u>\$ 1,746,190</u>	<u>\$ 1,751,446</u>	<u>\$ 1,196,341</u>	<u>\$ 4,693,977</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007

Total governmental fund balances		\$	1,303,986
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			19,862,488
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	339,730	
Intergovernmental revenue		228,186	
Accrued interest		3,172	
Total			571,088
Unamortized premiums on bond issuance is not recognized in the funds.			(149,458)
Unamortized bond issuance costs are not recognized in the funds.			103,281
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(24,196)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			107,439
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(379,859)	
Early retirement incentive		(372,380)	
Bonds payable		(4,695,000)	
Notes payable		(150,000)	
Capital lease obligation		(64,222)	
Total			(5,661,461)
Net assets of governmental activities		\$	16,113,167

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 1,508,651	\$ -	\$ 395,631	\$ 1,904,282
Tuition.	212,925	-	-	212,925
Transportation fees	7,023	-	-	7,023
Charges for services.	-	-	113,735	113,735
Earnings on investments.	24,411	164,096	9,787	198,294
Extracurricular.	-	-	43,854	43,854
Other local revenues.	37,089	-	87,625	124,714
Intergovernmental - State.	4,042,142	2,179,472	637,726	6,859,340
Intergovernmental - Federal	12,969	-	903,983	916,952
Total revenues.	<u>5,845,210</u>	<u>2,343,568</u>	<u>2,192,341</u>	<u>10,381,119</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,999,950	-	364,920	3,364,870
Special.	605,133	-	572,858	1,177,991
Vocational.	35,941	-	1,275	37,216
Other.	-	-	120,420	120,420
Support services:				
Pupil.	282,269	-	16,000	298,269
Instructional staff	130,409	-	103,133	233,542
Board of education	31,762	-	2,350	34,112
Administration.	574,880	-	32,418	607,298
Fiscal	265,170	-	28,293	293,463
Business	-	-	5,530	5,530
Operations and maintenance.	625,062	-	304,965	930,027
Pupil transportation	245,715	-	-	245,715
Central.	-	-	9,829	9,829
Operation of non-instructional services:				
Food service operations	-	-	333,980	333,980
Other non-instructional services.	-	-	28,818	28,818
Extracurricular activities.	85,738	-	57,828	143,566
Facilities acquisition and construction	-	8,069,912	185,002	8,254,914
Capital outlay	71,060	-	-	71,060
Intergovernmental pass through	-	-	60,137	60,137
Debt service:				
Principal retirement	12,739	-	305,510	318,249
Interest and fiscal charges	1,987	-	222,757	224,744
Total expenditures	<u>5,967,815</u>	<u>8,069,912</u>	<u>2,756,023</u>	<u>16,793,750</u>
Deficiency of revenues under expenditures.	<u>(122,605)</u>	<u>(5,726,344)</u>	<u>(563,682)</u>	<u>(6,412,631)</u>
Other financing sources (uses):				
Transfers in	-	-	11,000	11,000
Transfers (out).	(11,000)	-	-	(11,000)
Sale of capital assets.	-	-	51,697	51,697
Sale of notes.	-	-	150,000	150,000
Capital lease transaction.	71,060	-	-	71,060
Total other financing sources (uses)	<u>60,060</u>	<u>-</u>	<u>212,697</u>	<u>272,757</u>
Special item:				
Sale of buildings.	-	-	210,000	210,000
Net change in fund balances	(62,545)	(5,726,344)	(140,985)	(5,929,874)
Fund balances at beginning of year	<u>(461,380)</u>	<u>7,100,401</u>	<u>594,839</u>	<u>7,233,860</u>
Fund balances (deficit) at end of year . . .	<u>\$ (523,925)</u>	<u>\$ 1,374,057</u>	<u>\$ 453,854</u>	<u>\$ 1,303,986</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds \$ (5,929,874)

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

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

Capital asset additions	\$	8,091,130	
Current year depreciation		(239,562)	
<hr/>			
Total			7,851,568

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (81,243)

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

Taxes		39,677	
Intergovernmental revenue		(2,212,127)	
Accrued interest		(705)	
<hr/>			
Total			(2,173,155)

Notes and capital lease transactions are recorded as revenue in the funds, however, on the statement of activities they are not reported as revenues as they increase the liabilities on the statement of net assets (221,060)

Repayment of bond, lease and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 318,249

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

Increase in accrued interest payable		(5,048)	
Amortization of bond premium		6,100	
Amortization of bond issue costs		(4,215)	
<hr/>			
Total			(3,163)

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

Compensated absences		146,654	
Early retirement incentive		(372,380)	
<hr/>			
Total			(225,726)

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

7,961

Change in net assets of governmental activities \$ (456,443)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 1,548,000	\$ 1,548,000	\$ 1,459,428	\$ (88,572)
Tuition.	260,000	260,000	212,925	(47,075)
Transportation fees.	15,000	15,000	7,023	(7,977)
Earnings on investments.	20,000	20,000	19,269	(731)
Other local revenues	15,000	15,000	37,089	22,089
Intergovernmental - State	4,262,507	4,262,507	4,042,142	(220,365)
Intergovernmental - Federal.	30,002	30,002	12,969	(17,033)
Total revenues.	<u>6,150,509</u>	<u>6,150,509</u>	<u>5,790,845</u>	<u>(359,664)</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,190,074	3,190,074	2,965,681	224,393
Special.	496,470	496,470	612,341	(115,871)
Vocational.	56,134	56,134	47,507	8,627
Support services:				
Pupil.	473,463	473,463	280,233	193,230
Instructional staff	122,837	122,837	129,714	(6,877)
Board of education	27,680	27,680	32,237	(4,557)
Administration.	581,734	581,734	567,044	14,690
Fiscal	272,568	272,568	260,603	11,965
Operations and maintenance.	620,174	620,174	663,981	(43,807)
Pupil transportation	241,035	241,035	254,123	(13,088)
Extracurricular activities.	87,000	87,000	84,337	2,663
Total expenditures	<u>6,169,169</u>	<u>6,169,169</u>	<u>5,897,801</u>	<u>271,368</u>
Deficiency of revenues under expenditures.	<u>(18,660)</u>	<u>(18,660)</u>	<u>(106,956)</u>	<u>(88,296)</u>
Other financing sources (uses):				
Refund of prior year expenditure.	725	725	725	-
Transfers (out)	(10,000)	(10,000)	(11,000)	(1,000)
Advances in.	29,658	29,658	29,658	-
Advances (out)	(40,000)	(40,000)	(72,984)	(32,984)
Total other financing sources (uses)	<u>(19,617)</u>	<u>(19,617)</u>	<u>(53,601)</u>	<u>(33,984)</u>
Net change in fund balance	(38,277)	(38,277)	(160,557)	(122,280)
Fund balance (deficit) at beginning of year.	(17,745)	(17,745)	(17,745)	-
Prior year encumbrances appropriated . . .	89,169	89,169	89,169	-
Fund balance (deficit) at end of year. . . .	<u>\$ 33,147</u>	<u>\$ 33,147</u>	<u>\$ (89,133)</u>	<u>\$ (122,280)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2007

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash with fiscal agent	\$ 121,976
Total assets	121,976
Liabilities:	
Current liabilities:	
Claims payable	14,537
Total liabilities	14,537
Net assets:	
Unrestricted.	107,439
Total net assets	\$ 107,439

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Governmental Activities - Internal Service Fund
	<hr/>
Operating revenues:	
Charges for services	\$ 353,266
Total operating revenues.	<hr/> 353,266 <hr/>
Operating expenses:	
Personal services	689
Purchased services	12,058
Claims	337,485
Total operating expenses.	<hr/> 350,232 <hr/>
Operating income	<hr/> 3,034 <hr/>
Nonoperating revenues:	
Interest revenue	<hr/> 4,927 <hr/>
Total nonoperating revenues.	<hr/> 4,927 <hr/>
Change in net assets	7,961
Net assets at beginning of year	99,478
Net assets at end of year.	<hr/> \$ 107,439 <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services.	\$ 353,266
Cash payments for personal services	(689)
Cash payments for purchased services.	(12,058)
Cash payments for claims	<u>(329,446)</u>
Net cash provided by operating activities	<u>11,073</u>
Cash flows from investing activities:	
Interest received.	<u>4,927</u>
Net cash provided by investing activities	<u>4,927</u>
Net increase in cash and cash equivalents	16,000
Cash and cash equivalents at beginning of year . . .	<u>105,976</u>
Cash and cash equivalents at end of year.	<u><u>\$ 121,976</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income.	\$ 3,034
Changes in assets and liabilities:	
Increase in claims payable	<u>8,039</u>
Net cash provided by operating activities	<u><u>\$ 11,073</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 210,748	\$ 32,996
Total assets.	<u>210,748</u>	<u>\$ 32,996</u>
Liabilities:		
Accounts payable.	-	\$ 428
Loans	-	184
Due to students	<u>-</u>	<u>32,384</u>
Total liabilities	<u>-</u>	<u>\$ 32,996</u>
Net Assets:		
Held in trust for scholarships	<u>210,748</u>	
Total net assets	<u>\$ 210,748</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	
Additions:		
Interest	\$	8,729
Gifts and contributions.		<u>18,828</u>
Total additions.		<u>27,557</u>
Deductions:		
Scholarships awarded		<u>12,332</u>
Change in net assets		15,225
Net assets at beginning of year		<u>195,523</u>
Net assets at end of year	\$	<u><u>210,748</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1856 through the consolidation of existing land areas and school districts. The District currently ranks as the 565th largest in terms of total enrollment among the 876 public and community school districts in the State of Ohio. The District is staffed by 38 non-certificated employees and 61 certificated full-time teaching personnel who provide services to 697 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Belmont Harrison Career Center (Career Center)

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

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

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

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

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

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

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

East Central Ohio Special Education Regional Resource Center (ECO-SERRC)

ECO-SERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

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

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

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

The ECO-SERRC is governed by a board composed of superintendents of member school Districts in East Central Ohio, parents of children with disabilities, representatives of chartered non-public schools, representatives of county boards of MR/DD and representatives of universities. The degree of control exercised by any participating school District is limited to its representation on the Board. There is no financial commitment made by the Districts involved in ECO-SERRC. ECO SERRC is not financially dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for ECO-SERRC. Financial information can be obtained by contacting Julie A. Lynch, Treasurer at the Tuscarawas-Carroll-Harrison Educational Service Center, 834 E. High Street, New Philadelphia, Ohio 44663.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the "Coalition") is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Coalition. The District's membership fee was \$300 for fiscal year 2007.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.20 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Ohio School Plan

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purposes of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

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

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

PROPRIETARY FUND

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

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

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the 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.

TAX BUDGET

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

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

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

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

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

ESTIMATED RESOURCES

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during fiscal year 2007.

APPROPRIATIONS

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

Any revisions that alter the total of any fund appropriation for all funds other than the General Fund, or alter total function appropriations within the General Fund, must be approved by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board during fiscal 2007.

The budget figures which appear in the statement of budgetary comparisons represent the original and final appropriation amounts that were approved by the Board prior to June 30, 2007. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

ENCUMBRANCES

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

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

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

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

LAPSING OF APPROPRIATIONS

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

F. Cash and Investments

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

During fiscal year 2007, investments were limited to negotiable certificates of deposit, State Treasury Asset Reserve of Ohio (STAROhio), U.S. Government money market accounts and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost. Negotiable certificates of deposit are reported at cost.

The District has invested funds in STAROhio during fiscal 2007. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2007.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the General Fund, the Auxiliary Services Special Revenue Fund, and the private-purpose trust funds. The Food Service Fund receives interest earnings based upon Federal mandate and the Self-Insurance Internal Service Fund receives interest earnings as the amount is held by a fiscal agent in an interest bearing account separate from the District's internal investment pool. Interest revenue credited to the General Fund during fiscal year 2007 amounted to \$24,411, which includes \$23,063 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months which are not purchased from the cash management pool, are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

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

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

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

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2007, the District increased their capitalization threshold from \$2,000 to \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

I. Interfund Balances

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

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

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

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

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

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2007, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2007, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Unamortized Issuance Costs/Bond Premium

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the Statement of Net Assets.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

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

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

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 11. A.

M. Fund Balance Reserves

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

N. Operating Revenues and Expenses

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

O. Net Assets

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

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

P. Prepayments

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

Q. Estimates

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

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

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

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

R. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts reserved for school bus purchases. See Note 18 for details.

S. Interfund Activity

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District sold the Westbrooke and Lansing school buildings during fiscal year 2007. The net gain on the sale in the amount of \$188,072 is reported as a special item in the statement of activities.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Restatement of Net Assets

During fiscal year 2007, the District increased their capitalization threshold from \$2,000 to \$5,000. The District's capital assets were restated at July 1, 2006 for the change in the capitalization threshold and the change in policy to no longer capitalize library books. The change had the following effect on the net assets at July 1, 2006:

	Governmental Activities
Net assets, June 30, 2006	\$ 16,788,087
Adjustment for capital assets	(218,477)
Restated net assets, July 1, 2006	\$ 16,569,610

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Major Fund</u>	<u>Deficit</u>
General Fund	\$523,925
<u>Nonmajor Funds</u>	
Food Service	39,061
Poverty Aid	3,824
Title VI-B	30,150
Title I	36,266
Title VI	973
Reducing Class Size	5,807

These funds, other than the General Fund, complied with State law, which does not permit a cash basis deficit at year-end. The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances result from adjustments for accrued liabilities. The deficit balance in the General Fund will be eliminated by resources not recognized or recorded at fiscal year-end.

C. Compliance

The District had a negative cash balance in the fund listed below, indicating that revenue from other funds were used to pay obligations of this fund contrary to Ohio Revised Code Section 5705.10.

General Fund	\$ 16,428
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NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies are to be deposited or invested in the following securities:

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash With Fiscal Agent

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2007, was \$121,976.

B. Deposits with Financial Institutions

At June 30, 2007, the carrying amount of all District deposits was \$597,217. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$832,716 of the District's bank balance of \$1,130,436 was exposed to custodial risk as discussed below, while \$297,720 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

C. Investments

As of June 30, 2007, the District had the following investments and maturities:

<u>Investment type</u>	<u>Investment Maturities</u>			
	<u>Balance at Fair Value</u>	<u>6 months or less</u>	<u>13 to 18 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 199,187	\$ -	\$ 99,906	\$ 99,281
FNMA	1,086,403	1,086,403	-	-
STAR Ohio	539,269	539,269	-	-
U.S. Government Money Market	11,020	11,020	-	-
	<u>\$ 1,835,879</u>	<u>\$ 1,636,692</u>	<u>\$ 99,906</u>	<u>\$ 99,281</u>

The weighted average maturity of investments is .21 years.

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

Credit Risk: The District's investments, except for STAROhio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAROhio an AAAM money market rating.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in negotiable Certificates of Deposit, FHLB and FNMA the entire balance is uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 199,187	10.85
FNMA	1,086,403	59.18
STAR Ohio	539,269	29.37
U.S. Government Money Market	<u>11,020</u>	<u>0.60</u>
	<u>\$ 1,835,879</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 597,217
Investments	1,835,879
Cash with fiscal agent	<u>121,976</u>
Total	<u>\$ 2,555,072</u>

<u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$ 2,311,328
Private-purpose trust funds	210,748
Agency funds	<u>32,996</u>
Total	<u>\$ 2,555,072</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2007 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 72,800

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

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

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2007 are reported on the statement of net assets.

- B.** Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
Transfers to Nonmajor Governmental funds from:	
General Fund	\$ 11,000

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

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

- C.** Interfund balances for the year ended June 30, 2007, consisted of the following due to/from other funds, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Classroom Facilities	General Fund	\$ 13,802

The primary purpose of due to/from other funds is to cover a negative cash balance in the General Fund. Due to/from other funds are eliminated between governmental funds for reporting in the statement of net assets. All amounts are to be repaid within one year.

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

<u>Loan From</u>	<u>Loan To</u>	<u>Amount</u>
General Fund	Agency	\$ 184

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

NOTE 6 - PROPERTY TAXES

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

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property is assessed at 18.75% for property including inventory. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Belmont County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

The amount available as an advance at June 30, 2007 was \$126,555 in the General Fund, \$27,119 in the Debt Service Fund (a nonmajor governmental fund), \$4,179 in the Permanent Improvement Fund (a nonmajor governmental fund) and \$3,149 in the Classroom Facilities Maintenance Fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$57,233 in the General Fund, \$12,160 in the Debt Service Fund (a nonmajor governmental fund) and \$3,398 permanent improvement fund (a nonmajor governmental fund).

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

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

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 58,876,270	86.38	\$ 64,912,020	89.28
Public utility personal	5,046,960	7.40	4,846,010	6.67
Tangible personal property	<u>4,236,316</u>	<u>6.22</u>	<u>2,949,340</u>	<u>4.05</u>
Total	<u>\$ 68,159,546</u>	<u>100.00</u>	<u>\$ 72,707,370</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 44.21		\$ 44.21	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2007 consisted of taxes, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities:

Taxes	\$ 2,108,075
Intergovernmental	290,005
Accrued interest	<u>3,172</u>
Total	<u>\$ 2,401,252</u>

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

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

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

NOTE 8 - CAPITAL ASSETS

- A. The capital asset balances of the governmental activities have been restated due to an increase in the Districts capitalization threshold as follows (see Note 3.A.):

	<u>Balance</u> <u>06/30/06</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance</u> <u>07/01/06</u>
Governmental Activities			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 823,169	\$ -	\$ 823,169
Construction in progress	<u>10,936,325</u>	<u>-</u>	<u>10,936,325</u>
<i>Total capital assets, not being depreciated</i>	<u>11,759,494</u>	<u>-</u>	<u>11,759,494</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	232,586	(19,010)	213,576
Buildings and improvements	1,821,689	(9,930)	1,811,759
Furniture and equipment	756,024	(554,659)	201,365
Vehicles	729,308	-	729,308
Library books	<u>113,510</u>	<u>(113,510)</u>	<u>-</u>
Total capital assets, being depreciated	<u>3,653,117</u>	<u>(697,109)</u>	<u>2,956,008</u>
<i>Less: accumulated depreciation:</i>	<u>(3,101,971)</u>	<u>478,632</u>	<u>(2,623,339)</u>
Governmental activities capital assets, net	<u>\$ 12,310,640</u>	<u>\$ (218,477)</u>	<u>\$ 12,092,163</u>

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

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

NOTE 8 - CAPITAL ASSETS - (Continued)

B. Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Restated Balance <u>07/01/06</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/07</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 823,169	\$ -	\$ -	\$ 823,169
Construction in progress	<u>10,936,325</u>	<u>7,709,315</u>	<u>(18,645,640)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>11,759,494</u>	<u>7,709,315</u>	<u>(18,645,640)</u>	<u>823,169</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	213,576	227,900	(98,837)	342,639
Buildings and improvements	1,811,759	18,417,740	(569,896)	19,659,603
Furniture and equipment	201,365	381,815	(153,766)	429,414
Vehicles	<u>729,308</u>	<u>-</u>	<u>(211,716)</u>	<u>517,592</u>
Total capital assets, being depreciated	<u>2,956,008</u>	<u>19,027,455</u>	<u>(1,034,215)</u>	<u>20,949,248</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(202,626)	(2,279)	87,887	(117,018)
Buildings and improvements	(1,752,917)	(188,458)	547,968	(1,393,407)
Furniture and equipment	(121,009)	(16,714)	105,401	(32,322)
Vehicles	<u>(546,787)</u>	<u>(32,111)</u>	<u>211,716</u>	<u>(367,182)</u>
Total accumulated depreciation	<u>(2,623,339)</u>	<u>(239,562)</u>	<u>952,972</u>	<u>(1,909,929)</u>
Governmental activities capital assets, net	<u>\$ 12,092,163</u>	<u>\$26,497,208</u>	<u>\$(18,726,883)</u>	<u>\$ 19,862,488</u>

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

<u>Instruction:</u>	
Regular	\$ 146,677
Special	11,666
Vocational	1,167
Other	2,333
<u>Support Services:</u>	
Pupil	2,333
Board of education	645
Administration	7,727
Fiscal	646
Operations and maintenance	14,166
Pupil transportation	33,196
Food service operations	3,617
Extracurricular activities	<u>15,389</u>
Total depreciation expense	<u>\$ 239,562</u>

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

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

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$110,900. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2007 was \$5,545, leaving a current book value of \$105,355. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2007 totaled \$12,739 paid by the General Fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2007:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2008	\$ 16,600
2009	15,948
2010	15,948
2011	15,948
2012	<u>6,645</u>
Total minimum lease payments	71,089
Less amount representing interest	<u>(6,867)</u>
Total	<u>\$ 64,222</u>

NOTE 10 - LEASE-PURCHASE AGREEMENT

During a prior fiscal year, the District entered into lease-purchase agreement (the “agreement”) for computer equipment on behalf of St. Joseph’s Central School (the “School”). This lease agreement meets the criteria of capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

The computer equipment is capitalized on the District’s capital asset records; it is the property of the District and is in the possession of the school. The computer equipment is the property of the School. The District entered into the agreement on behalf of the School and is making payments from the intergovernmental pass-through expense line of the Auxiliary Fund, a nonmajor governmental fund. A liability is recorded in the government-wide financial statements. The final payment was made in fiscal year 2007. Principal payments in fiscal year 2007 totaled \$5,510.

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

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

NOTE 11 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2007, the following activity occurred in governmental activities long-term obligations:

	Balance			Balance	Amount
	06/30/06	Additions	Reductions	06/30/07	Due in
					One Year
Governmental Activities:					
Compensated absences payable	\$ 546,198	\$ 25,288	\$ (191,627)	\$ 379,859	\$ 15,608
Early retirement incentive payable	-	518,822	-	518,822	146,442
Notes payable - 3.40%	190,000	-	(190,000)	-	-
Notes payable - 4.40%	-	150,000	-	150,000	-
General obligation bonds payable:					
Serial Bonds 2.0% - 3.50%	1,095,000	-	(110,000)	985,000	110,000
Term Bonds 4.75% - 5.375%	3,710,000	-	-	3,710,000	-
Lease-purchase agreement	5,510	-	(5,510)	-	-
Capital lease obligation	<u>5,901</u>	<u>71,060</u>	<u>(12,739)</u>	<u>64,222</u>	<u>13,915</u>
Total governmental activities long-term liabilities	5,552,609	<u>\$ 765,170</u>	<u>\$ (509,876)</u>	5,807,903	<u>\$ 285,965</u>
Add: Unamortized premium on bonds	<u>155,558</u>			<u>149,458</u>	
Total on statement of net assets	<u>\$ 5,708,167</u>			<u>\$ 5,957,361</u>	

Compensated absences and early retirement incentives: Compensated absences will be paid from the fund from which the employees' salaries are paid, which primarily consist of the General Fund and the following nonmajor governmental funds: Food Service, Poverty Aid, and Title VI-B Special Revenue Funds.

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

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

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

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

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

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

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

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

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

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

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

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

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Optional Redemption:

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

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

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

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2008	\$ 110,000	\$ 213,414	\$ 323,414
2009	115,000	210,739	325,739
2010	115,000	207,691	322,691
2011	120,000	204,281	324,281
2012	125,000	200,481	325,481
2013 - 2017	690,000	930,317	1,620,317
2018 - 2022	875,000	735,672	1,610,672
2023 - 2027	1,125,000	479,298	1,604,298
2028 - 2032	1,420,000	174,563	1,594,563
Total	<u>\$ 4,695,000</u>	<u>\$ 3,356,456</u>	<u>\$ 8,051,456</u>

- D. The District had the following note activity during fiscal 2007:

	Issue Date	Maturity Date	Balance 06/30/06	Additions	Reductions	Balance 06/30/07
School Improvement	07/21/05	07/20/06	\$ 190,000		\$ (190,000)	\$ -
School Improvement	07/20/06	07/19/07	-	150,000	-	150,000
			<u>\$ 190,000</u>	<u>\$ 150,000</u>	<u>\$ (190,000)</u>	<u>\$ 150,000</u>

On July 20, 2006, the District issued \$150,000 in bond anticipation notes to continue various construction projects. The notes bore an annual interest rate of 4.4% and mature on July 19, 2007.

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

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

- E.** The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2007, are a voted debt margin of \$1,617,879 (including available funds of \$138,911) and an unvoted debt margin of \$68,621.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 5 to 15 days of vacation per year, depending upon length of service. The high school principal and superintendent earn 20 days of vacation per year and the treasurer earns 20 days of vacation per year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and the elementary principals do not earn vacation time.

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

B. Early Retirement Incentive

During fiscal year 2007, the District implemented an Early Retirement Incentive plan (ERI). Employees electing to participate in the ERI may choose to be paid in equal amounts over two or four years. Furthermore, employees may choose to be rehired under one or two year contracts. All employees who elect these plans must have done so by May 4, 2007. As of June 30, 2007, ten employees have elected to participate in the ERI. The ERI liability as of June 30, 2007 is \$518,822, with \$146,442 due in January 2008.

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

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

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the District contracted with Ohio School Plan (OSP), administered by Hylant Group, Inc. for general liability, property, and fleet insurance. Liability coverage is limited to \$1,000,000 per claim and \$3,000,000 in the aggregate. Property insurance carries a limitation of \$17,438,539 in the aggregate with a \$1,000 deductible.

The Perkins Athletic Facility is exposed to flood risk. During fiscal year 2007, the District contracted with Selective Insurance Company for flood insurance. The field house limitation on this insurance was \$172,200 for building damage and \$16,900 for contents damage with a \$1,000 deductible for both. The concession stand building and its contents are also covered under a separate policy with limitations of \$23,700 for building and \$2,800 for contents damage with a \$1,000 deductible. The grandstand and its contents are also covered under a separate policy with limitations of \$17,600 for building and \$12,600 for content damage with a \$1,000 deductible.

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

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

B. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 2.A.). The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

C. Medical and Ancillary Insurance

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

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

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

NOTE 13 - RISK MANAGEMENT - (Continued)

D. Dental, Vision and Life Insurance

Dental, vision, prescription and life insurance are offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of several school districts within the Eastern Region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$14,537 reported in the internal service fund at June 30, 2007, is based on an estimate provided by Self Funded Plans, Inc. (the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims</u>	<u>Payments</u>	<u>Ending Balance</u>
2007	\$ 6,498	\$ 337,485	\$ (329,446)	\$ 14,537
2006	3,897	333,699	(331,098)	6,498

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$87,824, \$93,014, and \$101,908, respectively. 37.94 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$54,505 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

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

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

NOTE 14 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for fund pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$390,197, \$411,130, and \$429,326, respectively. 82.60 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. \$67,912 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2007 were \$3,261 made by the District and \$11,074 made by the plan members.

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

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

NOTE 14 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$30,015 for fiscal year 2007.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$44,107 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less the premium for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158,751,207 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

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

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Investments are reported as fair value (GAAP basis) rather than cost (budget basis).

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

Net Change in Fund Balance	<u>General Fund</u>
Budget basis	\$ (160,557)
Net adjustment for revenue accruals	54,365
Net adjustment for expenditure accruals	(142,719)
Net adjustment for other sources/uses	113,661
Adjustment for encumbrances	<u>72,705</u>
GAAP basis	<u>\$ (62,545)</u>

NOTE 17 – CONTINGENCIES/SUBSEQUENT EVENT

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

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

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

NOTE 17 – CONTINGENCIES/SUBSEQUENT EVENT - (Continued)

B. Litigation

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

C. Bond Anticipation Note

On July 19, 2007, School Improvement Unlimited Tax General Obligation Bond Anticipation Notes, Series 2007, were issued for \$120,000 with an annual interest rate of 4.40% and maturity on July 17, 2008.

NOTE 18 - STATUTORY RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2006	\$ (40,163)	\$ (4,907,000)
Current year set-aside requirement	100,574	100,574
Current year offsets	-	(350,662)
Qualifying disbursements	<u>(110,536)</u>	<u>(1,968)</u>
Total	<u>\$ (50,125)</u>	<u>\$ (5,159,056)</u>
Balance carried forward to FY 2008	<u>\$ (50,125)</u>	<u>\$ (4,907,000)</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbook and capital acquisition reserve, this extra amount may be carried forward to reduce the set-aside requirement for future years.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases. The amount of \$25,300 for school bus reserves is in the General Fund on the balance sheet at June 30, 2007.

A schedule of the restricted assets at June 30, 2007 follows:

Amounts restricted for school bus purchases	\$ 25,300
Amounts to limit restricted cash to available cash	<u>(25,300)</u>
Total restricted cash	<u>\$ -</u>

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

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

NOTE 19 – OUTSTANDING CONTRACT

The District had completed their Ohio School Facilities Commission new Bridgeport PK-12 School project and had the following outstanding contract at June 30, 2007:

<u>Project</u>	<u>Outstanding Amount</u>
Raze International – Demolition	\$419,000

The future demolition of the District's former high school and junior high school building, in accordance with the Ohio School Facilities Commission project, are commitments of the District's Classroom Facilities Capital Project Fund. This \$19,983,247 project was funded by the proceeds of \$3,997,000 in general obligation bonds issued by the District, with the remaining portion funded through the Ohio School Facilities Commission. As of June 30, 2007, the District awarded the above contract; however, no work had been performed on this contract.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Pass-through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed-Through Ohio Department of Education:</i>						
Food Donation	NA	10.550		\$18,672		\$18,566
Nutrition Cluster:						
School Breakfast Program	045237-05-PU-06	10.553	\$17,765		\$17,765	
	045237-05-PU-07	10.553	33,979		33,979	
Total School Breakfast Program			51,744	0	51,744	0
National School Lunch Program	045237-LL-P4-06	10.555	49,564		49,564	
	045237-LL-P4-07	10.555	101,537		101,537	
Total National School Lunch Program			151,101	0	151,101	0
Total Nutrition Cluster			202,845	0	202,845	0
Total U.S. Department of Agriculture			202,845	18,672	202,845	18,566
U.S. DEPARTMENT OF EDUCATION						
<i>Passed-Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	045237-C1-S1-06	84.010	33,459		31,175	
	045237-C1-S1-07	84.010	265,608		262,362	
Total Title I Grants to Local Educational Agencies			299,067	0	293,537	0
Special Education-Grants to States	045237-6B-SF-06	84.027	13,847		30,236	
	045237-6B-SF-07	84.027	269,708		275,813	
Total Special Education-Grants to States			283,555	0	306,049	0
Safe and Drug-Free Schools and Communities-State Grants	045237-DR-S1-07	84.186	5,492		5,492	
State Grants for Innovative Programs	045237-C2-S1-06	84.298	11,212		11,363	
	045237-C2-S1-07	84.298	136		1,109	
Total State Grants for Innovative Programs			11,348	0	12,472	0
Education Technology State Grants	045237-TJ-S1-06	84.318	(1,120)			
	045237-TJ-S1-06	84.318	7,193		7,155	
Total Education Technology State Grants			6,073	0	7,155	0
Comprehensive School Reform Demonstration	045237-RFS3-2002	84.332	(8)		(8)	
Improving Teacher Quality State Grants	045237-TR-S1-06	84.367	16,227		10,083	
	045237-TR-S1-06	84.367	53,150		70,663	
Total Improving Teacher Quality State Grants			69,377	0	80,746	0
Total U.S. Department of Education			674,904	0	705,443	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed-Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance Program	N/A	93.778	937			
Total U.S. Department of Health and Human Services			937	0	0	0
Total Federal Awards Receipts and Expenditures			\$878,686	\$18,672	\$908,288	\$18,566

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

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

NOTE C - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE D - TRANSFERS

The Ohio Department of Education (ODE) requires School Districts to record grant funds carried over from one grant period to another grant period as a negative receipt in the original grant fund project-by-year line and as a positive receipt in the subsequent year project line. The Schedule reflects the following transfer due to ODE administrative action:

<u>CFDA Number</u>	<u>Pass-through Entity Number</u>	<u>Transfers-In</u>	<u>Transfers-Out</u>
84.010	045237-C1S1-2006		\$2,313
84.010	045237-C1S1-2007	\$2,313	
84.027	045237-6BSF-2006		13,323
84.027	045237-6BSF-2007	13,323	
84.318	045237-TJS1-2006		1,120
84.318	045237-TJS1-2007	1,120	
Total		<u>\$16,756</u>	<u>\$16,756</u>



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeport Exempted Village School District, Belmont County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 14, 2008, wherein we noted the District has changed its capitalization criteria for Governmental Activities capital assets from \$2,000 to \$5,000 and a change in policy to no longer capitalize library books. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the District's management in a separate letter dated March 14, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated March 14, 2008.

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

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

Mary Taylor, CPA
Auditor of State

March 14, 2008



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Bridgeport Exempted Village School District, Belmont County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2007. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

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

Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 14, 2008.

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



Mary Taylor, CPA
Auditor of State

March 14, 2008

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A-133 SECTION .315(b)
JUNE 30, 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid</u> : <i>Explain:</i>
2006-001	Ohio Rev. Code Section 5705.10 regarding deficit fund balances.	No	Partially Corrected; Repeated within the management letter.



Mary Taylor, CPA
Auditor of State

BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 10, 2008**