



**Auditor of State  
Betty Montgomery**



**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Bridgeport Exempted Village School District  
Belmont County  
501 Bennett Street  
Bridgeport, Ohio 43912

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Bridgeport Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bridgeport Exempted Village School District, Belmont County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2003, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Bridgeport Exempted Village School District  
Belmont County  
Independent Accountants' Report  
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The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as whole.

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

**Betty Montgomery**  
Auditor of State

December 31, 2003

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**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT**  
**BELMONT COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 898,600	\$ 130,821	\$ 2,178	\$ 159,897
Equity in pooled cash and cash equivalents - nonexpendable trust fund . . . . .	-	-	-	-
Cash with fiscal agent . . . . .	-	-	-	-
Receivables (net of allowances of uncollectibles):				
Property taxes - current and delinquent . . . . .	1,724,532	-	-	80,797
Accounts . . . . .	-	145	-	-
Interfund loan receivable . . . . .	73,549	-	-	-
Due from other governments . . . . .	2,742	180,026	-	-
Materials and supplies inventory . . . . .	5,413	-	-	-
Prepayments . . . . .	33,235	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	26,895	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable). . . . .	-	-	-	-
<b>OTHER DEBITS:</b>				
Amount available in debt service fund . . . . .	-	-	-	-
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
<b>Total assets and other debits . . . . .</b>	<b><u>\$ 2,764,966</u></b>	<b><u>\$ 310,992</u></b>	<b><u>\$ 2,178</u></b>	<b><u>\$ 240,694</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES:</b>				
Accounts payable . . . . .	\$ 2,833	\$ 36,707	\$ -	\$ 1,442
Accrued wages and benefits . . . . .	529,880	98,360	-	-
Compensated absences payable . . . . .	10,973	98	-	-
Pension obligation payable . . . . .	54,732	9,942	-	-
Interfund loan payable . . . . .	-	73,523	-	-
Deferred revenue . . . . .	1,637,872	74,395	-	75,581
Due to other governments . . . . .	17,056	2,988	-	-
Claims payable . . . . .	-	-	-	-
Due to students . . . . .	-	-	-	-
Emergency school loan payable . . . . .	59,279	-	-	-
Energy conservation notes payable . . . . .	-	-	-	-
Obligation under capital lease . . . . .	-	-	-	-
<b>Total liabilities . . . . .</b>	<b><u>2,312,625</u></b>	<b><u>296,013</u></b>	<b><u>-</u></b>	<b><u>77,023</u></b>
<b>EQUITY AND OTHER CREDITS:</b>				
Investment in general fixed assets . . . . .	-	-	-	-
Contributed capital . . . . .	-	-	-	-
Retained earnings : unreserved . . . . .	-	-	-	-
Fund balances:				
Reserved for encumbrances . . . . .	115,038	24,041	-	-
Reserved for materials and supplies inventory . . . . .	5,413	-	-	-
Reserved for prepayments . . . . .	33,235	-	-	-
Reserved for tax revenue unavailable for appropriation . . . . .	86,660	-	-	5,216
Reserved for principal endowment . . . . .	-	-	-	-
Reserved for BWC refunds . . . . .	26,895	-	-	-
Unreserved-undesignated . . . . .	185,100	(9,062)	2,178	158,455
<b>Total equity and other credits . . . . .</b>	<b><u>452,341</u></b>	<b><u>14,979</u></b>	<b><u>2,178</u></b>	<b><u>163,671</u></b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b><u>\$ 2,764,966</u></b>	<b><u>\$ 310,992</u></b>	<b><u>\$ 2,178</u></b>	<b><u>\$ 240,694</u></b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 29,860	\$ -	\$ 51,954	\$ -	\$ -	\$ 1,273,310
-	-	168,533	-	-	168,533
-	102,074	-	-	-	102,074
-	-	-	-	-	1,805,329
-	-	-	-	-	145
-	-	-	-	-	73,549
-	-	-	-	-	182,768
5,650	-	-	-	-	11,063
-	-	-	-	-	33,235
-	-	-	-	-	26,895
20,855	-	-	4,081,607	-	4,102,462
-	-	-	-	2,178	2,178
-	-	-	-	684,595	684,595
<u>\$ 56,365</u>	<u>\$ 102,074</u>	<u>\$ 220,487</u>	<u>\$ 4,081,607</u>	<u>\$ 686,773</u>	<u>\$ 8,466,136</u>
\$ -	\$ -	\$ 160	\$ -	\$ -	\$ 41,142
18,819	-	-	-	-	647,059
13,692	-	-	-	580,998	605,761
15,901	-	-	-	36,680	117,255
-	-	26	-	-	73,549
-	-	-	-	-	1,787,848
555	-	-	-	-	20,599
-	11,828	-	-	-	11,828
-	-	16,706	-	-	16,706
-	-	-	-	-	59,279
-	-	-	-	20,000	20,000
-	-	-	-	49,095	49,095
<u>48,967</u>	<u>11,828</u>	<u>16,892</u>	<u>-</u>	<u>686,773</u>	<u>3,450,121</u>
-	-	-	4,081,607	-	4,081,607
2,267	-	-	-	-	2,267
5,131	90,246	-	-	-	95,377
-	-	4,200	-	-	143,279
-	-	-	-	-	5,413
-	-	-	-	-	33,235
-	-	-	-	-	91,876
-	-	158,901	-	-	158,901
-	-	-	-	-	26,895
-	-	40,494	-	-	377,165
<u>7,398</u>	<u>90,246</u>	<u>203,595</u>	<u>4,081,607</u>	<u>-</u>	<u>5,016,015</u>
<u>\$ 56,365</u>	<u>\$ 102,074</u>	<u>\$ 220,487</u>	<u>\$ 4,081,607</u>	<u>\$ 686,773</u>	<u>\$ 8,466,136</u>

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT**  
**BELMONT COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 1,503,054	\$ -	\$ 21,500	\$ 74,950	\$ -	\$ 1,599,504
Tuition . . . . .	205,579	-	-	-	-	205,579
Earnings on investments . . . . .	7,412	178	-	-	338	7,928
Extracurricular . . . . .	17,149	47,727	-	-	-	64,876
Other local revenues . . . . .	30,718	2,412	-	-	-	33,130
Donations . . . . .	-	-	-	-	8,750	8,750
Intergovernmental - State . . . . .	3,506,471	445,730	2,178	26,478	-	3,980,857
Intergovernmental - Federal . . . . .	9,048	591,511	-	-	-	600,559
Total revenue . . . . .	<u>5,279,431</u>	<u>1,087,558</u>	<u>23,678</u>	<u>101,428</u>	<u>9,088</u>	<u>6,501,183</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	2,613,156	322,744	-	33,559	-	2,969,459
Special . . . . .	457,140	446,880	-	-	-	904,020
Vocational . . . . .	177,747	3,113	-	-	-	180,860
Other . . . . .	49,275	-	-	-	-	49,275
Support services:						
Pupil . . . . .	223,899	18,102	-	-	-	242,001
Instructional staff . . . . .	124,278	106,661	-	6	-	230,945
Board of Education . . . . .	20,790	-	-	-	-	20,790
Administration . . . . .	500,565	18,368	-	4,328	-	523,261
Fiscal . . . . .	215,624	2,514	-	5,537	-	223,675
Business . . . . .	-	6,022	-	-	-	6,022
Operations and maintenance . . . . .	584,089	28,824	-	381	-	613,294
Pupil transportation . . . . .	238,393	8,300	-	31,658	-	278,351
Central . . . . .	9,037	-	-	-	-	9,037
Community services . . . . .	-	23,421	-	-	5,951	29,372
Extracurricular activities . . . . .	67,591	44,771	-	-	-	112,362
Facilities acquisition and construction . . . . .	-	-	-	19,284	-	19,284
Capital outlay . . . . .	11,505	-	-	-	-	11,505
Intergovernmental pass-through . . . . .	-	83,338	-	-	-	83,338
Debt service:						
Principal retirement . . . . .	15,125	-	20,000	-	-	35,125
Interest and fiscal charges . . . . .	8,055	-	1,500	-	-	9,555
Total expenditures . . . . .	<u>5,316,269</u>	<u>1,113,058</u>	<u>21,500</u>	<u>94,753</u>	<u>5,951</u>	<u>6,551,531</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(36,838)	(25,500)	2,178	6,675	3,137	(50,348)
Other financing sources (uses):						
Proceeds of capital lease transaction . . . . .	11,505	-	-	-	-	11,505
Operating transfers in . . . . .	-	409	-	-	-	409
Operating transfers out . . . . .	(409)	-	-	-	-	(409)
Total other financing sources (uses) . . . . .	<u>11,096</u>	<u>409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,505</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	(25,742)	(25,091)	2,178	6,675	3,137	(38,843)
Fund balances, July 1 . . . . .	485,704	40,070	-	156,996	31,925	714,695
Decrease in reserve for inventory . . . . .	(7,621)	-	-	-	-	(7,621)
Fund balances, June 30 . . . . .	<u>\$ 452,341</u>	<u>\$ 14,979</u>	<u>\$ 2,178</u>	<u>\$ 163,671</u>	<u>\$ 35,062</u>	<u>\$ 668,231</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT**  
**BELMONT COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 1,524,000	\$ 1,547,185	\$ 23,185	\$ -	\$ -	\$ -
Tuition . . . . .	5,000	205,579	200,579	-	-	-
Earnings on investments . . . . .	10,000	7,412	(2,588)	190	178	(12)
Extracurricular . . . . .	30,000	17,149	(12,851)	50,810	47,711	(3,099)
Other local revenues . . . . .	-	31,218	31,218	2,568	2,411	(157)
Intergovernmental - State . . . . .	3,266,605	3,361,351	94,746	437,443	410,767	(26,676)
Intergovernmental - Federal . . . . .	10,000	8,601	(1,399)	554,875	521,036	(33,839)
Total revenues . . . . .	<u>4,845,605</u>	<u>5,178,495</u>	<u>332,890</u>	<u>1,045,886</u>	<u>982,103</u>	<u>(63,783)</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	2,666,283	2,660,512	5,771	369,149	340,075	29,074
Special . . . . .	613,000	491,695	121,305	487,123	436,762	50,361
Vocational . . . . .	211,113	184,677	26,436	3,914	3,113	801
Other . . . . .	55,000	50,791	4,209	-	-	-
Support services:						
Pupil . . . . .	274,071	232,592	41,479	20,695	19,704	991
Instructional staff . . . . .	175,243	135,231	40,012	107,901	105,326	2,575
Board of Education . . . . .	27,659	22,203	5,456	-	-	-
Administration . . . . .	533,838	497,405	36,433	20,889	18,521	2,368
Fiscal . . . . .	233,101	225,667	7,434	2,870	2,516	354
Business . . . . .	-	-	-	6,018	6,018	-
Operations and maintenance . . . . .	652,438	628,677	23,761	40,420	31,959	8,461
Pupil transportation . . . . .	293,673	261,222	32,451	8,600	8,255	345
Central . . . . .	20,000	9,037	10,963	-	-	-
Community services . . . . .	-	-	-	32,050	21,396	10,654
Extracurricular activities . . . . .	87,405	67,218	20,187	51,719	48,598	3,121
Facilities acquisition and construction . . . . .	-	-	-	-	-	-
Intergovernmental pass-through . . . . .	-	-	-	86,542	86,373	169
Debt service:						
Principal retirement . . . . .	-	-	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-	-	-
Total expenditures . . . . .	<u>5,842,824</u>	<u>5,466,927</u>	<u>375,897</u>	<u>1,237,890</u>	<u>1,128,616</u>	<u>109,274</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(997,219)</u>	<u>(288,432)</u>	<u>708,787</u>	<u>(192,004)</u>	<u>(146,513)</u>	<u>45,491</u>
<b>Other financing sources (uses):</b>						
Advances in . . . . .	1,200	1,179	(21)	78,298	73,523	(4,775)
Advances out . . . . .	(75,000)	(73,549)	1,451	-	-	-
Operating transfers in . . . . .	-	-	-	436	409	(27)
Operating transfers out . . . . .	(409)	(409)	-	-	-	-
Refund of prior year's receipts . . . . .	-	-	-	(193)	(193)	-
Total other financing sources (uses) . . . . .	<u>(74,209)</u>	<u>(72,779)</u>	<u>1,430</u>	<u>78,541</u>	<u>73,739</u>	<u>(4,802)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	<u>(1,071,428)</u>	<u>(361,211)</u>	<u>710,217</u>	<u>(113,463)</u>	<u>(72,774)</u>	<u>40,689</u>
Fund balances, July 1 . . . . .	1,026,949	1,026,949	-	134,905	134,905	-
Prior year encumbrances appropriated . . . . .	140,234	140,234	-	7,942	7,942	-
Fund balances, June 30 . . . . .	<u>\$ 95,755</u>	<u>\$ 805,972</u>	<u>\$ 710,217</u>	<u>\$ 29,384</u>	<u>\$ 70,073</u>	<u>\$ 40,689</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ 21,500	\$ 21,500	\$ -	\$ 76,327	\$ 68,805	\$ (7,522)	\$ 1,621,827	\$ 1,637,490	\$ 15,663
-	-	-	-	-	-	5,000	205,579	200,579
-	-	-	-	-	-	10,190	7,590	(2,600)
-	-	-	-	-	-	80,810	64,860	(15,950)
-	-	-	-	-	-	2,568	33,629	31,061
148,227	145,405	(2,822)	29,373	26,478	(2,895)	3,881,648	3,944,001	62,353
-	-	-	-	-	-	564,875	529,637	(35,238)
<u>169,727</u>	<u>166,905</u>	<u>(2,822)</u>	<u>105,700</u>	<u>95,283</u>	<u>(10,417)</u>	<u>6,166,918</u>	<u>6,422,786</u>	<u>255,868</u>
-	-	-	33,687	33,560	127	3,069,119	3,034,147	34,972
-	-	-	-	-	-	1,100,123	928,457	171,666
-	-	-	-	-	-	215,027	187,790	27,237
-	-	-	-	-	-	55,000	50,791	4,209
-	-	-	-	-	-	294,766	252,296	42,470
-	-	-	56	56	-	283,200	240,613	42,587
-	-	-	-	-	-	27,659	22,203	5,456
-	-	-	4,328	4,328	-	559,055	520,254	38,801
-	-	-	6,000	5,537	463	241,971	233,720	8,251
-	-	-	-	-	-	6,018	6,018	-
-	-	-	11,000	881	10,119	703,858	661,517	42,341
-	-	-	50,000	31,657	18,343	352,273	301,134	51,139
-	-	-	-	-	-	20,000	9,037	10,963
-	-	-	-	-	-	32,050	21,396	10,654
-	-	-	-	-	-	139,124	115,816	23,308
-	-	-	62,800	19,284	43,516	62,800	19,284	43,516
-	-	-	-	-	-	86,542	86,373	169
158,386	158,386	-	-	-	-	158,386	158,386	-
11,341	6,341	5,000	-	-	-	11,341	6,341	5,000
<u>169,727</u>	<u>164,727</u>	<u>5,000</u>	<u>167,871</u>	<u>95,303</u>	<u>72,568</u>	<u>7,418,312</u>	<u>6,855,573</u>	<u>562,739</u>
-	2,178	2,178	(62,171)	(20)	62,151	(1,251,394)	(432,787)	818,607
-	-	-	-	-	-	79,498	74,702	(4,796)
-	-	-	-	-	-	(75,000)	(73,549)	1,451
-	-	-	-	-	-	436	409	(27)
-	-	-	-	-	-	(409)	(409)	-
-	-	-	-	-	-	(193)	(193)	-
-	-	-	-	-	-	4,332	960	(3,372)
-	2,178	2,178	(62,171)	(20)	62,151	(1,247,062)	(431,827)	815,235
-	-	-	154,071	154,071	-	1,315,925	1,315,925	-
-	-	-	4,404	4,404	-	152,580	152,580	-
<u>\$ -</u>	<u>\$ 2,178</u>	<u>\$ 2,178</u>	<u>\$ 96,304</u>	<u>\$ 158,455</u>	<u>\$ 62,151</u>	<u>\$ 221,443</u>	<u>\$ 1,036,678</u>	<u>\$ 815,235</u>

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT**  
**BELMONT COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE  
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Sales/charges for services . . . . .	\$ 94,294	\$ 278,444	\$ -	\$ 372,738
Investment earnings . . . . .	-	-	1,977	1,977
Other operating revenue . . . . .	-	839	-	839
	<u>94,294</u>	<u>279,283</u>	<u>1,977</u>	<u>375,554</u>
Total operating revenues . . . . .				
Operating expenses:				
Personal services . . . . .	144,178	563	-	144,741
Contract services . . . . .	2,099	9,839	-	11,938
Materials and supplies . . . . .	137,795	-	-	137,795
Depreciation . . . . .	1,414	-	-	1,414
Claims expense . . . . .	-	251,613	-	251,613
Other . . . . .	363	-	3,943	4,306
	<u>285,849</u>	<u>262,015</u>	<u>3,943</u>	<u>551,807</u>
Total operating expenses . . . . .				
Operating income (loss) . . . . .	<u>(191,555)</u>	<u>17,268</u>	<u>(1,966)</u>	<u>(176,253)</u>
Nonoperating revenues:				
Operating grants . . . . .	163,552	-	-	163,552
Federal commodities . . . . .	15,998	-	-	15,998
Interest revenue . . . . .	152	1,653	-	1,805
	<u>179,702</u>	<u>1,653</u>	<u>-</u>	<u>181,355</u>
Total nonoperating revenues . . . . .				
Net income (loss) . . . . .	(11,853)	18,921	(1,966)	5,102
Retained earnings/fund balance, July 1(Restated See Note 3) . . . . .	16,984	71,325	170,499	258,808
Retained earnings/ fund balance, June 30. . . . .	<u>\$ 5,131</u>	<u>\$ 90,246</u>	<u>\$ 168,533</u>	<u>\$ 263,910</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT**  
**BELMONT COUNTY, OHIO**  
 COMBINED STATEMENT OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:				
Cash received from sales/service charges . . . . .	\$ 94,294	\$ 278,444	\$ -	\$ 372,738
Cash received from other revenues . . . . .	-	839	-	839
Cash payments for personal services. . . . .	(136,856)	(563)	-	(137,419)
Cash payments for contract services. . . . .	(2,099)	(9,839)	-	(11,938)
Cash payments for materials and supplies . . . . .	(122,956)	-	-	(122,956)
Cash payments for claims expenses . . . . .	-	(244,071)	-	(244,071)
Cash payments for other expenses . . . . .	(363)	-	(3,943)	(4,306)
Net cash provided by (used in) operating activities. . . . .	<u>(167,980)</u>	<u>24,810</u>	<u>(3,943)</u>	<u>(147,113)</u>
Cash flows from noncapital financing activities:				
Cash received from operating grants . . . . .	182,627	-	-	182,627
Net cash provided by noncapital financing activities . . . . .	<u>182,627</u>	<u>-</u>	<u>-</u>	<u>182,627</u>
Cash flows from investing activities:				
Interest received . . . . .	152	1,653	1,977	3,782
Net cash provided by investing activities . . . . .	<u>152</u>	<u>1,653</u>	<u>1,977</u>	<u>3,782</u>
Net increase (decrease) in cash and cash equivalents . . . . .	14,799	26,463	(1,966)	39,296
Cash and cash equivalents at beginning of year . . . . .	15,061	75,611	170,499	261,171
Cash and cash equivalents at end of year . . . . .	<u>\$ 29,860</u>	<u>\$ 102,074</u>	<u>\$ 168,533</u>	<u>\$ 300,467</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss). . . . .	\$ (191,555)	\$ 17,268	\$ (1,966)	\$ (176,253)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation . . . . .	1,414	-	-	1,414
Federal donated commodities . . . . .	15,998	-	-	15,998
Interest reported as operating income . . . . .	-	-	(1,977)	(1,977)
Changes in assets and liabilities:				
Decrease in materials and supplies inventory. . . . .	1,033	-	-	1,033
Decrease in accrued wages and benefits . . . . .	(896)	-	-	(896)
Increase in compensated absences payable . . . . .	4,621	-	-	4,621
Decrease in due to other governments . . . . .	(46)	-	-	(46)
Increase in pension obligation payable . . . . .	3,643	-	-	3,643
Increase in claims payable . . . . .	-	7,542	-	7,542
Decrease in deferred revenue. . . . .	(2,192)	-	-	(2,192)
Net cash provided by (used in) operating activities . . . . .	<u>\$ (167,980)</u>	<u>\$ 24,810</u>	<u>\$ (3,943)</u>	<u>\$ (147,113)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 1 - DESCRIPTION OF THE ENTITY**

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

The School District was established in 1856 through the consolidation of existing land areas and school Districts. The School District currently ranks as the 557<sup>th</sup> largest in terms of total enrollment among the 740 public and community school Districts in the State of Ohio. The School District is staffed by 38 non-certificated employees and 72 certificated full-time teaching personnel who provide services to 769 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements (GPFS) of the School 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are as follows:

**A. Reporting Entity**

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

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

**A. Reporting Entity (Continued)**

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

OME-RESA is a not-for-profit computer service organization whose primary function is to provide information technology services to its member school School Districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by the OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records, and test scoring.

The OME-RESA is one of twenty-three regional service organizations serving over 600 public school School 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 school School 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 school School 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.

The OME-RESA is owned and operated by forty-nine member school School Districts in ten different Ohio counties. The member school School Districts are comprised of public school School Districts and county boards of education. Each member School 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 School Districts. Each member School District has one vote in all matters and each member School 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.

The OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member School 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.

The ECO-SERRC is governed by a board composed of superintendents of member school 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 School District is limited to its representation on the Board. There is no financial commitment made by the School Districts involved in ECO-SERRC. ECO-SERRC is not financially dependent upon the continued participation of the School District and the School 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, 172 North Broadway, New Philadelphia, Ohio 44663.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

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

**A. Reporting Entity (Continued)**

*PUBLIC ENTITY RISK POOL*

Ohio Association School Business Officials Workers' Compensation Group Rating Program

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school School Districts pay an enrollment fee to the Program to cover the costs of administering the Program. Refer to Note 14 for further information on this group rating plan.

**B. Basis of Presentation - Fund Accounting**

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

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

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

*GOVERNMENTAL FUND TYPES*

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

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

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

**B. Basis of Presentation - Fund Accounting (Continued)**

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

*PROPRIETARY FUND TYPES*

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

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

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

*FIDUCIARY FUND TYPES*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include a nonexpendable trust fund, an expendable trust fund and an agency fund. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual.

*ACCOUNT GROUPS*

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

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

**C. Measurement Focus and Basis of Accounting**

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

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

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available. 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

In applying the susceptible to accrual concept under the modified accrual basis of accounting, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2003, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2004 operations, have been recorded as deferred revenue.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

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

**C. Basis of Presentation - Fund Accounting (Continued)**

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

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

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

**D. 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 object level within each function for the general, debt service and Permanent Improvement capital projects funds 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 GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

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

**D. Budgetary Process (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 School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

*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, debt service and Permanent Improvement capital projects funds which are enacted at the fund, function, and object 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 School 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.

Although the legal level of budgetary control was established at the fund level of expenditures for all funds except the general, debt service and Permanent Improvement capital projects funds, the School District has elected to present budgetary statements comparisons at the fund and function level of expenditures for all governmental funds. Any revisions that alter the total of any fund appropriation for all funds other than the general, debt service and the Permanent Improvement capital projects funds, or alter total function appropriations within a fund, or alter object appropriations within functions for the general, debt service and the Permanent Improvement capital projects funds, must be approved by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. Supplemental appropriations were legally enacted by the Board during fiscal 2003.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts that were approved by the Board prior to July 1, 2003. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

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

**D. Budgetary Process (Continued)**

*ENCUMBRANCES*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the 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 and reported in the notes to the GPFS for proprietary funds.

*LAPSING OF APPROPRIATIONS*

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

**E. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2003, investments were limited to a repurchase agreement and investments in the State Treasury Asset Reserve of Ohio (STAROhio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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, 2003.

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, the expendable trust fund and the nonexpendable trust fund. The Food Service enterprise 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 School District's internal investment pool. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$7,412, which includes \$1,590 assigned from other School District funds.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

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

**E. Cash and Investments (Continued)**

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

An analysis of the School District's investment account at year-end is provided in Note 5.

**F. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food and purchased foods held for resale and are expensed when used.

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars, except for the cost of textbooks and library books. This is based primarily on the uniqueness of these items to a school operation. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

**H. Compensated Absences**

Compensated absences of the School District consist of vacation leave and sick leave to the extent that payment 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 School District and the employee.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Compensated Absences (Continued)**

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 the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**I. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than sixty days after year-end are considered not to have been made with current available financial resources. Notes and capital leases are reported as a liability of the general long-term obligations account group until due.

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

**J. Interfund Transactions**

Transactions between funds during the normal course of operations may occur. These may include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Interfund Transactions (Continued)**

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The School District had short-term interfund loans receivable and payable at June 30, 2003.

An analysis of interfund transactions is presented in Note 6.

**K. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, tax revenue unavailable for appropriation, principal endowment and Bureau of Workers' Compensation (BWC) refunds. Although the nonexpendable trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of principal endowment. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for property tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under state statute.

**L. Prepayments**

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**M. Parochial School**

Within the School District boundaries, St. Joseph's Catholic School is operated through the Catholic Diocese. Current state legislation provides funding to the parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial school. The fiduciary responsibility of the School District for these monies is reflected in a special revenue fund for financial reporting purposes.

**N. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. A fund balance reserve has also been established. See Note 20 for details.

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

**O. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of retained earnings at year-end. There were no capital contributions received by the enterprise funds in 2003. Contributed capital in the enterprise funds at June 30, 2003, is \$2,267.

**P. Estimates**

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

**Q. Memorandum Only - Total Columns**

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

**NOTE 3 - RESTATEMENT OF PRIOR YEAR FUND EQUITY**

Certain adjustments to fixed assets have resulted in fund equity/retained earnings restatements. The following identifies the effect of these changes on retained earnings for the enterprise fund:

	Enterprise Fund
Retained Earnings at June 30, 2002	\$4,831
Net adjustment for fixed assets/accumulated depreciation	12,153
Adjusted Retained Earnings at July 1, 2002	\$16,984

The effect of such changes noted above on net income for the fiscal year ending June 30, 2002 is as follows:

	Enterprise Fund
Net Income at June 30, 2002	\$7,150
Adjustment for Depreciation Expense	(3,435)
Restated Net Income at June 30, 2002	\$3,715

The General Fixed Assets Account Group total assets decreased from \$3,954,046 to \$3,907,001.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 2003, included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Management Information Systems	\$ 374
Disadvantaged Pupil Impact Aid	39,881
Goals 2000	10,277
Miscellaneous Federal Grants	24,856

These funds complied with Ohio state law which does not permit a cash basis deficit at year-end.

The deficit fund balances in the special revenue funds is a result of accruing wage, benefit and pension obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues not recognized at June 30.

**NOTE 5 - EQUITY IN POOLED CASH AND INVESTMENTS**

The School District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the School 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of the School 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.

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 or interest by the United States;

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 5 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days 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 instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash with fiscal agent:* The School 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, 2003, was \$102,074.

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

*Deposits:* At year-end, the carrying amount of the School District's deposits was \$318,128 and the bank balance was \$376,978. Of the bank balance:

1. \$114,313 was covered by federal depository insurance; and
2. \$262,665 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by the pledging financial institutions' trust department, pursuant to section 135.181 Ohio Revised Code, in the School District's name. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 5 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

*Investments:* Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the School District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreement	\$375,293	\$ 375,293	\$ 375,293
Investment in STAROhio	-	<u>775,317</u>	<u>775,317</u>
Total investments	<u>\$375,293</u>	<u>\$1,150,610</u>	<u>\$1,150,610</u>

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

A reconciliation between the classifications of cash and cash equivalents and investments on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investment</u>
GASB Statement No. 9	\$1,570,812	\$ -
Cash with fiscal agent	(102,074)	-
Investments of the cash management pool:		
Repurchase agreement	(375,293)	375,293
Investment in STAROhio	<u>(775,317)</u>	<u>775,317</u>
GASB Statement No. 3	<u>\$ 318,128</u>	<u>\$1,150,610</u>

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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**NOTE 6 - INTERFUND TRANSACTIONS**

- A. The following is a summarized breakdown of the School District's operating transfers for fiscal year 2003:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	\$409
<u>Special Revenue Fund</u>		
Management Information Systems	<u>409</u>	<u>-</u>
Total	<u>\$409</u>	<u>\$409</u>

- B. The following is a summarized breakdown of the School District's interfund loan receivable and payable at June 30, 2003:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$73,549	\$ -
<u>Special Revenue Funds</u>		
Title VI-B	-	23,594
Title VI	-	2,872
Goals 2000	-	10,293
Reducing Class Size	-	660
Miscellaneous Federal Grants	-	36,104
<u>Agency Fund</u>		
Student Managed Activity	<u>-</u>	<u>26</u>
Total	<u>\$73,549</u>	<u>\$73,549</u>

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by state law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at varying rates of true value and on real property at 35 percent of appraised market value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true 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.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 7 - PROPERTY TAXES (Continued)**

Tangible personal property taxes paid 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.

The assessed value upon which the 2002 taxes were collected was \$66,706,470. Agricultural/residential and public utility/minerals real estate represented 58.48% or \$39,012,830 of this total; commercial & industrial real estate represented 23.84% or \$15,905,790 of this total, public utility tangible represented 7.86% or \$5,241,400 of this total and general tangible property represented 9.82% or \$6,546,450 of this total. The voted general tax rate at the fiscal year ended June 30, 2003 was \$37.40 per \$1,000.00 of assessed valuation for operations and \$2.00 per \$1,000.00 of assessed valuation for permanent improvements.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2003, was \$86,660 in the general fund and \$5,216 in the Permanent Improvement capital projects fund.

Taxes available for advance and recognized as revenue but not received by the School District prior to June 30, 2003, are reflected as a reservation of fund balance for future appropriations. The School District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.39, since an advance of revenue was not requested or received prior to the fiscal year-end.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2003, consisted of taxes, accounts, interfund loans, and intergovernmental grants and entitlements (to the extent eligibility requirements have been met by fiscal year-end). Intergovernmental receivables have been reported as "Due from Other Governments" on the combined balance sheet. 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 fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$1,724,532
Interfund loan	73,549
Due from other governments	2,742
<u>Special Revenue Funds</u>	
Accounts	145
Due from other governments	180,026
<u>Capital Projects Funds</u>	
Taxes - current and delinquent	80,797

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 9 - FIXED ASSETS**

**A. General Fixed Assets**

A summary of the changes in general fixed assets during fiscal year 2003 as follows:

<u>Asset Category</u>	<u>Restated Balance July 1, 2002</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2003</u>
Land	\$ 43,169	\$ -	\$ -	\$ 43,169
Land improvements	234,778	-	-	234,778
Buildings and improvements	1,812,992	-	-	1,812,992
Furniture, fixtures and equipment	986,438	116,723	-	1,103,161
Vehicles	560,386	57,883	-	618,269
Textbooks	<u>269,238</u>	<u>-</u>	<u>-</u>	<u>269,238</u>
Totals	<u>\$3,907,001</u>	<u>\$174,606</u>	<u>\$ -</u>	<u>\$4,081,607</u>

**B. Proprietary Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 2003, as follows:

Furniture and equipment	\$ 91,771
Less: accumulated depreciation	<u>(70,916)</u>
Net fixed assets	<u>\$ 20,855</u>

**NOTE 10 - CAPITAL LEASES**

In prior years, the School District has entered into capitalized leases for copiers. During fiscal year 2003, the School District upgraded copiers on an existing lease and entered into a new capital lease for a copier. These leases meet the criteria of a 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 combined GPFS for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment has been capitalized in the general fixed assets account group in the amount of \$109,958. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2003 totaled \$15,125 in the general fund.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 10 - CAPITAL LEASES (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2003.

Fiscal Year Ending June 30,	<u>Amount</u>
2004	\$19,176
2005	19,176
2006	9,172
2007	5,423
<u>2008</u>	<u>652</u>
Total	53,599
Less: amount representing interest	<u>(4,504)</u>
Present value of minimum lease payments	<u>\$49,095</u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2003</u>
Compensated absences	\$470,730	\$175,057	\$ (64,789)	\$580,998
Pension obligation	35,792	36,680	(35,792)	36,680
Energy conservation notes payable	40,000	-	(20,000)	20,000
Capital lease obligations	<u>52,715</u>	<u>11,505</u>	<u>(15,125)</u>	<u>49,095</u>
Totals	<u>\$599,237</u>	<u>\$223,242</u>	<u>\$(135,706)</u>	<u>\$686,773</u>

During fiscal year 1994, the School District issued \$160,000 in energy conservation notes to provide for energy improvements to various School District buildings. The primary source of repayment of these notes is through energy savings as a result of the improvements. These notes bear an interest rate of 5.0% and mature on November 15, 2003.

Payments of principal and interest relating to the energy conservation notes are recorded as expenditures in the debt service fund. The unmatured obligation at year-end is accounted for in the general long-term obligations account group.

The capital leases will be paid from the general fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the School District. The effects of these debt limitations at June 30, 2003 are a voted debt margin of \$6,005,760 (including available funds of \$2,178) and an unvoted debt margin of \$66,706, and an unvoted energy conservation debt margin of \$580,358 (excluding current debt outstanding of \$20,000).

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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**NOTE 11 - LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2003, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2004	<u>\$20,000</u>	<u>\$500</u>	<u>\$20,500</u>
Total	<u>\$20,000</u>	<u>\$500</u>	<u>\$20,500</u>

**NOTE 12 - EMERGENCY SCHOOL LOAN PAYABLE**

The following activity occurred with the emergency school loan payable during fiscal year 2003:

	Date <u>Issued</u>	Interest <u>Rate</u>	Balance <u>July 1, 2002</u>	<u>Retired</u>	Balance <u>June 30, 2003</u>
Emergency School Loan	11/01/96	6.00%	<u>\$197,665</u>	<u>\$(138,386)</u>	<u>\$59,279</u>

The emergency school loan is a liability of the general fund, the fund which received the proceeds. Payments of principal and interest totaling \$11,935 are deducted monthly from the School District's foundation entitlement. The final scheduled payment on this loan is January 1, 2004.

**NOTE 13 - EMPLOYEE BENEFITS**

**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 250 days. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 67.5 days for certified and 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

**NOTE 14 - RISK MANAGEMENT**

A. Comprehensive

The School 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 2003, the School District contracted with Harcum - Hyre Insurance Company for general liability insurance, Westfield Company for property and fleet insurance and Hartford Steam Boiler Inspection and Insurance Company for boiler coverage. Liability coverage is limited to \$3,000,000 per claim and \$5,000,000 in the aggregate, and the boiler insurance carries a limitation of \$7,547,000 in the aggregate with a \$250 deductible. Property insurance carries a limitation of \$15,891,046 in the aggregate with a \$1,000 deductible.

The Perkins athletic facility is exposed to flood risk. During fiscal year 2003, the School District contracted with South Carolina Insurance Company for flood insurance. The limitation on this insurance was \$157,200 for building damage and \$16,300 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 \$21,500 for building and \$2,700 for contents damage with a \$1,000 deductible.

Vehicles are covered by Westfield Insurance Company 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 \$3,000 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. OSBA Group Workers' Compensation Rating Program**

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

**C. Medical and Ancillary Insurance**

The School District contracts with The Health Plan of the Upper Ohio Valley and Health Assurance for hospitalization insurance for all employees. The School District pays up to \$631.00 of the total monthly premiums for family and ancillary coverage and up to \$328.00 for individual and ancillary coverage for all certified employees; and up to \$616.00 of the total monthly premiums for family health coverage and up to \$290.00 for individual health coverage for all classified employees.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

**NOTE 14 - RISK MANAGEMENT - (Continued)**

**D. Dental, Vision and Life Insurance**

Dental, vision and life insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool, consisting of several school School Districts within the Eastern Region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$11,828 reported in the internal service fund at June 30, 2003, 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>
2003	\$4,286	\$251,613	\$(244,071)	\$11,828
2002	6,398	244,205	(246,317)	4,286

**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains one enterprise fund which provides lunchroom/cafeteria services, therefore segment information for the year ended June 30, 2003 is not presented. The enterprise fund had no encumbrances outstanding at June 30, 2003.

**NOTE 16 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (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 State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate of 14% for 2003, 8.17% was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The School District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$98,164, \$91,181, and \$88,712, respectively; 44% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$54,847 represents the unpaid contribution for fiscal year 2003.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

**NOTE 16 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code.

STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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% 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.

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$400,901, \$369,733, and \$343,763, respectively; 88% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$48,372 represents the unpaid contribution for fiscal year 2003.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

**NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System. As of June 30, 2003, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 17 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the School District, this amount equaled \$28,636 during fiscal 2003.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge, added to the unallocated portion of the 14% 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% of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available) were \$182.947 million and the target level was \$274.4 million. At June 30, 2002, (the latest information available) SERS had net assets available for payment of health care benefits of \$335.2 million and SERS had approximately 50,000 participants receiving health care benefits. For the School District, the amount to fund health care benefits, including surcharge, equaled \$47,278 during the 2003 fiscal year.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types 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 GAAP basis are that:

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- c. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

**Excess (deficiency) of Revenues and Other Financing Sources  
Over/ (Under) Expenditures and Other Financing Uses**

	<u>All Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(361,211)	\$(72,774)	\$ 2,178	\$ (20)
Net adjustment for revenue accruals	100,936	105,455	(143,227)	6,145
Net adjustment for expenditure accruals	31,135	(45,190)	143,227	(892)
Net adjustment for other financing sources/(uses) accruals	83,875	(73,330)	-	-
Adjustment for encumbrances	<u>119,523</u>	<u>60,748</u>	<u>-</u>	<u>1,442</u>
GAAP basis	<u>\$ (25,742)</u>	<u>\$(25,091)</u>	<u>\$ 2,178</u>	<u>\$6,675</u>

**NOTE 19 - CONTINGENCIES**

**A. Grants**

The School 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 general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School District at June 30, 2003.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
(Continued)

**NOTE 19 – CONTINGENCIES (Continued)**

**B. Litigation**

The School District is not involved in material litigation as either plaintiff or defendant.

**C. State School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

**NOTE 20 - STATUTORY RESERVES**

The School District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2002	\$ (83,474)	\$ (21,865)	\$26,895
Current year set-aside requirement	111,420	111,420	-
Current year offsets	-	(105,283)	-
Qualifying disbursements	<u>(116,069)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (88,123)</u>	<u>\$ (15,728)</u>	<u>\$26,895</u>
Cash balance carried forward to FY 2004	<u>\$ (88,123)</u>	<u>\$ 0</u>	<u>\$26,895</u>

The School District had a qualifying textbook carryover of \$88,123, which is a carry forward to fiscal 2004.

A schedule of restricted assets at June 30, 2003, follows:

Amount restricted for BWC refunds	<u>\$26,895</u>
Total	<u>\$26,895</u>

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Noncash Receipts</b>	<b>Disbursements</b>	<b>Noncash Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550	\$0	\$15,998	\$0	\$15,998
School Breakfast Program	045237-05PU-02/03	10.553	38,670		38,670	
National School Lunch Program	045237-LLP4-02/03	10.555	<u>133,425</u>		<u>133,425</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>172,095</u>	<u>15,998</u>	<u>172,095</u>	<u>15,998</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	045237-C1S1-02/03	84.010	221,999		248,218	
Special Education Grants to States (IDEA Part B)	045237-6BSF-2003	84.027	101,716		143,854	
Safe and Drug-Free Schools and Communities State Grants	045237-DRS1-2003	84.186	8,918			
Fund for the Improvement of Education	N/A	84.215	40,000		36,625	
Performance Incentive Grant Continuous Improvement	N/A	84.276			22,231	
Eisenhower Professional Development State Grants	045237-MSS1-2002	84.281	114		114	
Innovative Education Program Strategies	045237-C2S1-2003	84.298	2,284		5,156	
I Education Technology State Grants	045237-TJS1-2003	84.318	7,739		5,726	
Comprehensive School Reform Demonstration	045237-RFS1-2002	84.332	75,000		65,722	
Title VI of ESEA - Class Size Reduction	045237-CRS1-2002	84.340	787		8,254	
Improving Teacher Quality State Grants	045237-TRS1-2003	84.367	<u>52,804</u>		<u>53,462</u>	
Total U.S. Department of Education			<u>511,361</u>		<u>589,362</u>	
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance Program - Community Alternative Funding System (CAFS)	N/A	93.778	<u>46,092</u>		<u>46,092</u>	
Total U.S. Department of Health and Human Services			<u>46,092</u>		<u>46,092</u>	
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$729,548</u></b>	<b><u>\$15,998</u></b>	<b><u>\$807,549</u></b>	<b><u>\$15,998</u></b>

*The accompanying Notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.*

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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 nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Bridgeport Exempted Village School District  
Belmont County  
501 Bennett Street  
Bridgeport, Ohio 43912

To the Board of Education:

We have audited the general purpose financial statements of the Bridgeport Exempted Village School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 31, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 31, 2003.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 31, 2003.

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Bridgeport Exempted School District  
Belmont County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

December 31, 2003



**Auditor of State  
Betty Montgomery**

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

Bridgeport Exempted Village School District  
Belmont County  
501 Bennett Street  
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 School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

**Internal Control over Compliance**

The management of the School District 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 School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

December 31, 2003

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505  
JUNE 30, 2003**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505  
JUNE 30, 2003  
(Continued)**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



**Auditor of State  
Betty Montgomery**

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Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
FEBRUARY 3, 2004**