



Dave Yost • Auditor of State

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

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MIAMI COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Bradford Exempted Village School District, Miami County, Ohio (the School District), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Bradford Exempted Village School District, Miami County, Ohio, as of June 30, 2015 and 2014, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 29, 2016

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

The discussion and analysis of Bradford Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015, within the limitations of the School District's cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- Foundation revenue increased due to changes in the fund calculation by the State that increased funding for the School District.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

Reporting the School District as a Whole

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

The Statement of Net Position and the Statement of Activities reflect how the School District did financially during fiscal year 2015, within the limitations of the cash basis of accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the School District's general receipts.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2015 compared to fiscal year 2014:

**Table 1
Net Position**

	2015	2014	Change
Assets:			
Current Assets	\$4,806,760	\$4,344,168	\$462,582
Net Position:			
Restricted	729,820	683,009	46,811
Unrestricted	4,076,930	3,661,159	415,771
Total Net Position	<u>\$4,806,750</u>	<u>\$4,344,168</u>	<u>\$462,582</u>

Net position of governmental activities increased \$462,582 during fiscal year 2015. Current assets, which is made up of cash and cash equivalents, increased mainly due to increase in State foundation monies received.

Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, also increased primarily due to increase in State foundation monies received. The restricted net position increased due to the decrease in expenditures within the classroom facilities nonmajor fund.

Table 2 shows the changes in net position for fiscal years 2015 and 2014.

**Table 2
Change in Net Position**

	2015	2014	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$594,756	\$617,658	(\$22,902)
Operating Grants, Interest, and Contributions	997,703	1,101,495	(103,792)
Grants and Contributions	2,700		2,700
Total Program Cash Receipts	<u>1,595,159</u>	<u>1,719,153</u>	<u>(123,994)</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes	897,802	839,672	58,130
Debt Service	105,463	107,765	(2,302)
Classroom Facilities Maintenance	17,047	16,630	417
Income Tax	1,010,560	939,795	70,765
Grants and Entitlements not Restricted to Specific Programs	3,454,738	3,128,028	326,710
Interest	7,122	4,844	2,278
Gifts and Donations		20,021	(20,021)
Miscellaneous	53,272	25,523	27,749
Total General Receipts	<u>5,546,004</u>	<u>5,082,278</u>	<u>463,726</u>
Total Receipts	<u>7,141,163</u>	<u>6,801,431</u>	<u>339,732</u>
			(Continued)

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

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

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Cash Disbursements:			
Instruction:			
Regular	2,665,260	2,567,096	98,164
Special	856,977	895,347	(38,370)
Student Intervention Services		16,012	(16,012)
Support Services:			
Pupils	409,660	403,465	6,195
Instructional Staff	148,402	233,734	(85,332)
Board of Education	64,824	44,598	20,226
Administration	597,910	515,620	82,290
Fiscal	193,086	203,327	(10,243)
Business		848	(848)
Operation and Maintenance of Plant	715,394	618,330	97,064
Pupil Transportation	278,033	280,731	(2,698)
Central	26,424	35,194	(8,770)
Operation of Non-Instructional Services	368,832	394,730	(25,898)
Extracurricular Activities	228,935	281,626	(52,691)
Capital Outlay	5,300	102,513	(97,213)
Principal Retirement	95,000	95,000	
Interest and Fiscal Charges	24,544	28,344	(3,800)
Total Cash Disbursements	<u>6,678,581</u>	<u>6,716,517</u>	<u>(\$37,936)</u>
Change in Net Position	462,582	84,914	
Net Position at Beginning of Year	<u>4,344,168</u>	<u>4,259,254</u>	
Net Position at End of Year	<u>\$4,806,750</u>	<u>\$4,344,168</u>	

Governmental Activities

Overall receipts increased \$339,732. The majority of the increase was from grants and entitlements not restricted to specific programs. The School District's State foundation monies increased due to a change in the fund calculation that increased funding for the School District. These increases were offset by a decrease in operating grants due to decreases in special education and transportation monies from State foundation.

Disbursements decreased \$37,936. The School District, through fiscal restraint, was able to keep disbursements consistent with the prior year.

The School District's Funds

The School District's funds are accounted for using the cash basis of accounting. The only major fund for fiscal year 2015 was the General Fund. All governmental funds had total receipts of \$7,141,163 and disbursements of \$6,678,581. For fiscal year 2015, the fund balance increased mainly due to an increase in State foundation monies from a change in fund calculation that increased funding for the School District.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the School District amended its General Fund budget several times, which resulted in final appropriations increasing \$41,475. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. This caused actual disbursements to be \$761,980 lower than the final budgeted amount. The School District had budgeted high in case of unexpected expenditures.

For the General Fund, the final budget basis receipts estimate increased from the original budget basis revenue by \$211,840 due to estimated increase in property and income tax receipts. Actual receipts were \$6,135,432, an increase of \$14,371 from the final budget basis.

Capital Assets

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

Debt Administration

Table 3 summarizes the School District's bonds outstanding:

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

	2015	2014
School Improvement Refunding Bonds	\$574,999	\$669,999

During the fiscal year, the School District made payments on the debt issue. For more information on the School District's debt, see Note 11 of the Basic Financial Statements.

Contacting the School District's Financial Management

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

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Bradford Exempted Village School District
Statement of Net Position - Cash Basis
June 30, 2015

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$4,806,186
Cash and Cash Equivalents with Fiscal Agent	564
<i>Total Assets</i>	4,806,750
Net Position:	
Restricted for:	
Debt Service	207,646
Capital Outlay	70,580
Food Service	9,266
Local Gifts and Donations	11,275
Athletics	5,148
Federal Grants	564
Classroom Facilities	415,061
Kindergarten Classroom:	
Expendable	1,280
Non-Expendable	9,000
Unrestricted	4,076,930
<i>Total Net Position</i>	\$4,806,750

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2015

	Cash Disbursements	Program Cash Receipts		Capital Grants and Contributions	Net (Disbursements)
		Charges for Services	Operating Grants, Interest, and Contributions		Receipts and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$2,665,260	\$11,193	\$106,561	\$0	(\$2,547,506)
Special	856,977	0	513,817	0	(343,160)
Support Services:					
Pupils	409,660	0	138,399	0	(271,261)
Instructional Staff	148,402	0	8,934	0	(139,468)
Board of Education	64,824	0	0	0	(64,824)
Administration	597,910	0	1,589	0	(596,321)
Fiscal	193,086	0	26,876	0	(166,210)
Operation and Maintenance of Plant	715,394	0	0	2,700	(712,694)
Pupil Transportation	278,033	402,873	0	0	124,840
Central	26,424	0	0	0	(26,424)
Operation of Non-Instructional Services	368,832	122,690	182,648	0	(63,494)
Extracurricular Activities	228,935	58,000	18,879	0	(152,056)
Capital Outlay	5,300	0	0	0	(5,300)
Principal Retirement	95,000	0	0	0	(95,000)
Interest and Fiscal Charges	24,544	0	0	0	(24,544)
<i>Totals</i>	<u>\$6,678,581</u>	<u>\$594,756</u>	<u>\$997,703</u>	<u>\$2,700</u>	<u>(\$5,083,422)</u>
General Receipts:					
Property Taxes Levied for:					
General Purposes					897,802
Debt Service					105,463
Classroom Facilities Maintenance					17,047
Income Tax					1,010,560
Grants and Entitlements not Restricted to Specific Programs					3,454,738
Interest					7,122
Miscellaneous					53,272
<i>Total General Receipts</i>					<u>5,546,004</u>
<i>Change in Net Position</i>					462,582
<i>Net Position at Beginning of Year</i>					<u>4,344,168</u>
<i>Net Position at End of Year</i>					<u>\$4,806,750</u>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$4,017,315	\$784,642	\$4,801,957
Cash and Cash Equivalents with Fiscal Agent	0	564	564
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	4,229	0	4,229
<i>Total Assets</i>	<u>\$4,021,544</u>	<u>\$785,206</u>	<u>\$4,806,750</u>
Fund Balances:			
Nonspendable	\$5,451	\$9,000	\$14,451
Restricted	4,229	716,591	720,820
Committed	7,374	0	7,374
Assigned	491,276	59,615	550,891
Unassigned (Deficit)	3,513,214	0	3,513,214
<i>Total Fund Balances</i>	<u>\$4,021,544</u>	<u>\$785,206</u>	<u>\$4,806,750</u>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Cash Receipts, Disbursements and Changes in
Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:			
Property Taxes	\$897,802	\$122,510	\$1,020,312
Income Tax	1,010,560	0	1,010,560
Intergovernmental	3,817,812	602,236	4,420,048
Interest	7,083	40	7,123
Charges for Services	4,515	122,690	127,205
Tuition and Fees	398,803	0	398,803
Extracurricular Activities	16,936	51,812	68,748
Gifts and Donations	842	34,250	35,092
Miscellaneous	53,072	200	53,272
<i>Total Receipts</i>	<u>6,207,425</u>	<u>933,738</u>	<u>7,141,163</u>
Disbursements:			
Current:			
Instruction:			
Regular	2,604,937	60,323	2,665,260
Special	680,807	176,170	856,977
Support Services:			0
Pupils	270,615	139,045	409,660
Instructional Staff	142,163	6,239	148,402
Board of Education	64,824	0	64,824
Administration	597,015	895	597,910
Fiscal	190,458	2,628	193,086
Operation and Maintenance of Plant	581,524	133,870	715,394
Pupil Transportation	278,031	2	278,033
Central	26,424	0	26,424
Operation of Non-Instructional Services	58,937	309,895	368,832
Extracurricular Activities	148,200	80,735	228,935
Capital Outlay	0	5,300	5,300
Debt Service:			0
Principal Retirement	0	95,000	95,000
Interest and Fiscal Charges	0	24,544	24,544
<i>Total Disbursements</i>	<u>5,643,935</u>	<u>1,034,646</u>	<u>6,678,581</u>
<i>Excess of Receipts Under Disbursements</i>	<u>563,490</u>	<u>(100,908)</u>	<u>462,582</u>
Other Financing Sources (Uses):			
Transfers In	0	6,500	6,500
Advances In	1,000	11,000	12,000
Transfers Out	(6,500)	0	(6,500)
Advances Out	(11,000)	(1,000)	(12,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(16,500)</u>	<u>16,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	546,990	(84,408)	462,582
<i>Fund Balances at Beginning of Year</i>	<u>3,474,554</u>	<u>869,614</u>	<u>4,344,168</u>
<i>Fund Balances at End of Year</i>	<u>\$4,021,544</u>	<u>\$785,206</u>	<u>\$4,806,750</u>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$842,935	\$895,935	\$897,802	\$1,867
Income Tax	950,000	1,010,000	1,010,560	560
Intergovernmental	3,769,561	3,806,331	3,814,181	7,850
Interest	5,000	5,000	7,083	2,083
Tuition and Fees	317,525	367,900	368,522	622
Rent	100	100	0	(100)
Extracurricular Activities	19,000	15,875	16,936	1,061
Gifts and Donations	2,000	820	842	22
Miscellaneous	3,100	19,100	19,506	406
<i>Total Receipts</i>	<u>5,909,221</u>	<u>6,121,061</u>	<u>6,135,432</u>	<u>14,371</u>
Disbursements:				
Current:				
Instruction:				
Regular	2,933,485	2,934,960	2,623,269	311,691
Special	940,087	940,087	709,855	230,232
Student Intervention Services	17,000	17,000	0	17,000
Support Services:				
Pupils	307,263	307,263	288,353	18,910
Instructional Staff	151,778	171,778	153,222	18,556
Board of Education	53,550	53,550	64,824	(11,274)
Administration	611,341	611,341	611,626	(285)
Fiscal	229,702	249,702	195,693	54,009
Business	2,050	2,050	0	2,050
Operation and Maintenance of Plant	723,158	723,158	658,964	64,194
Pupil Transportation	317,297	317,297	302,897	14,400
Central	34,644	34,644	26,899	7,745
Operation of Non-Instructional Services	61,400	61,400	58,987	2,413
Extracurricular Activities	181,039	181,039	148,700	32,339
<i>Total Disbursements</i>	<u>6,563,794</u>	<u>6,605,269</u>	<u>5,843,289</u>	<u>761,980</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(654,573)</u>	<u>(484,208)</u>	<u>292,143</u>	<u>776,351</u>
Other Financing Sources (Uses):				
Refund of Prior Year Disbursements	5,000	71,000	71,993	993
Proceeds from Sale of Capital Assets	250	250	0	(250)
Advances In	1,000	1,000	1,000	0
Transfers Out	(15,000)	(12,200)	(6,500)	5,700
Advances Out	(10,000)	(11,000)	(11,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(18,750)</u>	<u>49,050</u>	<u>55,493</u>	<u>6,443</u>
<i>Net Change in Fund Balance</i>	<u>(673,323)</u>	<u>(435,158)</u>	<u>347,636</u>	<u>782,794</u>
<i>Fund Balance at Beginning of Year</i>	<u>3,282,615</u>	<u>3,282,615</u>	<u>3,282,615</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>193,707</u>	<u>193,707</u>	<u>193,707</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,802,999</u>	<u>\$3,041,164</u>	<u>\$3,823,958</u>	<u>\$782,794</u>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2015

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	<u>\$89,632</u>	<u>\$26,899</u>
Net Position:		
Held in Trust for Scholarships	89,632	0
Held on Behalf of Students	<u>0</u>	<u>26,899</u>
Total Net Position	<u>\$89,632</u>	<u>\$26,899</u>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2015

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$23
Gifts and Contributions	<u>13,876</u>
<i>Total Additions</i>	13,899
Deductions:	
Payments in Accordance with Trust Agreements	<u>20,250</u>
<i>Change in Net Position</i>	(6,351)
<i>Net Position at Beginning of Year</i>	<u>95,983</u>
<i>Net Position at End of Year</i>	<u><u>\$89,632</u></u>

See Accompanying Notes to the Basic Financial Statements

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

Reporting Entity

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

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

The School District participates in four jointly governed organizations, one related organization, two insurance purchasing pools, and a public entity shared risk pool. These organizations are presented in Notes 13, 14, 15 and 16 to the basic financial statements.

Jointly Governed Organizations:

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

Related Organization:

- Bradford Public Library

Insurance Purchasing Pools:

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

Public Entity Shared Risk Pool

- Southwestern Ohio Educational Purchasing Council Benefit Plan Trust

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-wide Financial Statements

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

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

2. Fund Financial Statements

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

B. Fund Accounting

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

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

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

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

C. Fiduciary Funds

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

D. Basis of Accounting

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

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

E. Cash and Cash Equivalents

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2015, the School District's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value which is the price the investment could be sold for on June 30, 2015.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest credited to the General Fund during fiscal year 2015 amounted to \$7,083, which includes \$1,300 assigned from other School District funds.

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

F. Interfund Balances

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

G. Restricted Assets

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

H. Capital Assets

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

I. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

J. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

L. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Position

Net position represents the difference between all other elements in a statement in a statement of financial position. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Position restricted for other purposes include food service and federal and State grants restricted to expenditures for specified purposes.

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

N. Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

O. Budgetary Process

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. BUDGETARY BASIS OF ACCOUNTING

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

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

<u>Net Change in Fund Balance</u>	
Cash Basis	\$546,990
Un-recorded Cash – Fiscal Year 2015	1,984
Un-recorded Cash – Fiscal Year 2014	(1,768)
Adjustment for Encumbrances	<u>(199,570)</u>
Budget Basis	<u>\$347,636</u>

4. DEPOSITS AND INVESTMENTS

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

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

A. Investments

As of June 30, 2015, the School District only had investments in STAROhio in the amount of \$2,132,402. The average maturity of STAROhio is 53.4 days.

B. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Shelby, Darke, and Miami Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second- Half Collections		2015 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$47,175,820	97.11%	\$51,556,910	97.39%
Public Utility Personal	1,405,030	2.89	1,383,808	2.61
Total Assessed Value	<u>\$48,580,850</u>	<u>100.00%</u>	<u>\$52,940,718</u>	<u>100.00%</u>
Total rate per \$1,000 of assessed valuation	\$28.90		\$28.65	

6. INCOME TAX

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

7. RISK MANAGEMENT

A. Property And Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School District contracted with the Southwestern Ohio Educational Purchasing Council Liability, Fleet and Property Insurance Program, an insurance purchasing pool (See Note 15).

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

B. Medical Benefits

For fiscal year 2015, the School District participated in the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust), a public entity shared risk pool (Note 16). The School District pays monthly premiums to the Trust for employee medical and prescription insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

For fiscal year 2015, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

8. DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

B. School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$123,788 for fiscal year 2015.

C. State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$353,850 for fiscal year 2015.

D. Net Pension Liability

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$1,492,270	\$5,350,573	\$6,842,843
Proportion of the Net Pension Liability	0.0294860%	0.02199759%	

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00%	0.00%
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00%</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$2,129,025	\$1,492,270	\$956,703

F. Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year, for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00%	8.00%
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$7,659,932	\$5,350,573	\$3,397,637

G. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2015, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$15,195.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$22,547 \$26,200, and \$15,425, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. POST-EMPLOYMENT BENEFITS SCHOOL EMPLOYEES RETIREMENT SYSTEM (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$22,807 and \$22,435, respectively. The full amount has been contributed for all three fiscal years.

10. OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per fiscal year, depending upon length of service. Unused vacation can be carried forward to the succeeding fiscal year. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifteen days for classified employees and certified employees. Upon retirement, payment is made for one-third of accrued but unused sick leave credit to a maximum of fifty-nine days for classified and certified employees. They are entitled to the amount of unused sick days multiplied by their daily rate (frozen at the 30th year of service) then by one-third.

11. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2015 were as follows:

	Principal Outstanding 6/30/2014	Additions	Deductions	Principal Outstanding 6/30/2015	Amounts Due in One Year
Governmental Activities:					
School Improvement Refunding Bonds					
2008 – 4.00% - 4.75%	\$669,999	\$0	\$95,000	\$574,999	\$100,000

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

The School District's overall legal debt margin was \$4,397,312 with an un-voted debt margin of \$52,941 at June 30, 2015.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

11. LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2015, are as follows:

Fiscal Year Ending June 30,	Capital Appreciation Bonds		Current Interest Bonds	
	Principal	Interest	Principal	Interest
2016			\$100,000	\$20,644
2017			105,000	16,478
2018			110,000	12,043
2019			115,000	7,331
2020			115,000	2,444
2021-2022	\$29,999	\$210,001		
Total	<u>\$29,999</u>	<u>\$210,001</u>	<u>\$545,000</u>	<u>\$58,940</u>

12. INTERFUND ADVANCES AND TRANSFERS

At June 30, 2015, the General Fund had an unpaid interfund cash advance, in the amount of \$11,000, for a short-term loan made to the Athletic Special Revenue Fund. This is expected to be repaid within one year.

The General Fund had transfers out to the Nonmajor Governmental Funds of \$6,500. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds.

13. JOINTLY GOVERNED ORGANIZATIONS

A. Upper Valley Career Center

The Upper Valley Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from each of the seven participating districts' elected boards, which possess its own budgeting and taxing authority. One member is appointed from the following school districts: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or local school districts: Piqua, Sidney, Troy and Shelby County Educational Service Center. The Board exercises total control over the operations of the Career Center including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. During fiscal year 2015, the School District did not contribute any money to the Upper Valley Career Center. To obtain financial information write to the Upper Valley Career Center, Anthony Fraley, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

B. Metropolitan Dayton Educational Cooperative Association

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each school districts degree of control is limited to its representation on the Board. During fiscal year 2015, the School District paid \$11,633 to MDECA. Financial information can be obtained from Dean Reineke, who serves as Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

C. Southwestern Ohio Educational Purchasing Council

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

Each member district has one voting representative. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to the SOEPC are made from the General Fund. During fiscal year 2015, the School District paid \$546 to the SOEPC. Each School District's degree of control is limited to its representation on the Board. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

D. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under chapter 1702 of the Ohio Revised Code. The purpose of SOITA is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non- public school SOITA members. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS (Continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each school districts degree of control is limited to its representation on the Board. Upon dissolution, the net assets shall be distributed to the federal government, or to a State or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2015, the School District did not contribute any money to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Executive Director, at 1205 East Fifth Street, Dayton, OH 45402.

14. RELATED ORGANIZATION

Bradford Public Library

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

15. INSURANCE PURCHASING POOLS

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

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

16. PUBLIC ENTITY SHARED RISK POOL

Southwestern Ohio Educational Purchasing Council Benefit Plan Trust

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

17. SET-ASIDES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Capital Improvements
Set-aside Restricted Balance June 30, 2014	
Current Fiscal Year Set-aside Requirement	\$99,536
Current Year Offsets	(94,700)
Qualifying Disbursements	(4,836)
Totals	0
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

Amounts of offsets and qualifying disbursements presented in the table for capital improvements were limited to those necessary to reduce the fiscal year-end balance to zero. Restricted assets in the General Fund in the amount of \$4,229 represent unspent receipts restricted for bus purchase.

18. FUND BALANCES

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

18. FUND BALANCES (Continued)

<u>Fund Balances</u>	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Non-spendable:			
Unclaimed Monies	\$5,451		\$5,451
Permanent Non-expendable		\$9,000	9,000
Total Non-spendable	<u>5,451</u>	<u>9,000</u>	<u>14,451</u>
Restricted for:			
Bus Purchase	4,229		4,229
Permanent Expendable		1,280	1,280
Lunchroom		9,266	9,266
Local Gifts and Donations		11,275	11,275
Athletics		5,148	5,148
Classroom Facilities		481,412	481,412
Federal Grants		564	564
Debt Service		207,646	207,646
Total Restricted	<u>4,229</u>	<u>716,591</u>	<u>720,820</u>
Committed to:			
Board Approved Purchases on Order	7,374		7,374
Assigned to:			
Permanent Improvement		59,615	59,615
Future Appropriations	299,080		299,080
Purchases on Order	192,196		192,196
Total Assigned	<u>491,276</u>	<u>59,615</u>	<u>550,891</u>
Unassigned	<u>3,513,214</u>		<u>3,513,214</u>
Total Fund Balances	<u>\$4,021,544</u>	<u>\$785,206</u>	<u>\$4,806,750</u>

19. SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$199,570
Non-major Governmental Funds	<u>74,818</u>
Total	<u>\$274,388</u>

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

20. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2015.

B. Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014 – 2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school district; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

C. Litigation

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

21. DONOR RESTRICTED ENDOWMENTS

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

22. COMPLIANCE

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The discussion and analysis of Bradford Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014, within the limitations of the School District's cash basis of accounting. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- Foundation revenue increased due to changes in the fund calculation by the State that increased funding for the School District including special education monies.
- All Darke County Superintendents discontinued the existence of the Special Transportation Cooperative. The School District used to be reimbursed for special education student transportation routes.
- The School District overall had a small increase to total disbursements but had large fluctuations in disbursement functions due to reclassification of account codes by the Uniform School Accounting System used by the School District.

Using the Basic Financial Statements

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

Report Components

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

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

Basis of Accounting

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

Reporting the School District as a Whole

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

The Statement of Net Position and the Statement of Activities reflect how the School District did financially during fiscal year 2014, within the limitations of the cash basis of accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental program draws from the School District's general receipts.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2014 compared to fiscal year 2013:

**Table 1
Net Position**

	2014	2013	Change
Assets:			
Current Assets	\$4,344,168	\$4,259,254	\$84,914
Net Position:			
Restricted	683,009	657,234	25,775
Unrestricted	3,661,159	3,602,020	59,139
Total Net Position	<u>\$4,344,168</u>	<u>\$4,259,254</u>	<u>\$84,914</u>

Net position of governmental activities increased \$84,914 during fiscal year 2014. Current assets, which is made up of cash and cash equivalents, increased mainly due to increase in State foundation monies received.

Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, also increased primarily due to increase in State foundation monies received. The restricted net position increased due to the decrease in expenditures within the classroom facilities non-major fund.

Table 2 shows the changes in net position for fiscal years 2014 and 2013.

**Table 2
Change in Net Position**

	2014	2013	Change
Receipts:			
Program Cash Receipts:			
Charges for Services	\$617,658	\$770,592	(\$152,934)
Operating Grants, Interest, and Contributions	1,101,495	997,197	104,298
Total Program Cash Receipts	<u>1,719,153</u>	<u>1,767,789</u>	<u>(123,994)</u>
General Receipts:			
Property Taxes Levied for:			
General Purposes	839,672	816,917	22,755
Debt Service	107,765	110,068	(2,303)
Classroom Facilities Maintenance	16,630	16,211	419
Income Tax	939,795	929,845	9,950
Grants and Entitlements not Restricted to Specific Programs	3,128,028	2,936,201	191,827
Interest	4,844	8,695	(3,851)
Gifts and Donations	20,021		20,021
Miscellaneous	25,523	12,236	13,287
Total General Receipts	<u>5,082,278</u>	<u>4,830,173</u>	<u>252,105</u>
Total Receipts	<u>6,801,431</u>	<u>6,597,962</u>	<u>203,469</u>

(Continued)

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

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

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Cash Disbursements:			
Instruction:			
Regular	2,567,096	2,467,505	99,591
Special	895,347	754,831	140,516
Student Intervention Services	16,012	15,390	622
Support Services:			
Pupils	403,465	408,713	(5,248)
Instructional Staff	233,734	54,853	178,881
Board of Education	44,598	33,344	11,254
Administration	515,620	596,637	(81,017)
Fiscal	203,329	197,731	5,598
Business	848	1,642	(794)
Operation and Maintenance of Plant	618,330	577,195	41,135
Pupil Transportation	280,731	151,058	129,673
Central	35,194	197,072	(161,878)
Operation of Non-Instructional Services	394,730	665,217	(270,487)
Extracurricular Activities	281,626	275,710	5,916
Capital Outlay	102,513	87,734	14,779
Principal Retirement	95,000	169,000	(74,000)
Interest and Fiscal Charges	28,344	34,356	(6,012)
Total Cash Disbursements	<u>6,716,517</u>	<u>6,687,988</u>	<u>\$28,529</u>
Change in Net Position	84,914	(90,026)	
Net Position at Beginning of Year	4,259,254	4,349,280	
Net Position at End of Year	<u>\$4,344,168</u>	<u>\$4,259,254</u>	

Governmental Activities

Overall receipts increased \$203,469. The majority of the increase was from operating grants and entitlements not restricted to specific programs. The School District's State foundation monies increased due to a change in the fund calculation that increased funding for the School District. Also, the School District had an increase in operating grants, interest, and contribution mainly from an increase in special education from State foundation monies. These increases were offset by a decrease in charges for services due to discontinuation of the Special Transportation Cooperative in Darke County. Through fiscal year 2013, the School District provided bus drivers and bus aides to the consortium for special education bus routes which were reimbursed.

Disbursements increased \$28,529. The School District, through fiscal restraint, was able to keep disbursements consistent with the prior year. The School District did have fluctuations within different functions of disbursements due to reclassification of account codes by the Uniform School Accounting System used by the School District.

The School District's Funds

The School District's funds are accounted for using the cash basis of accounting. The only major fund for fiscal year 2014 was the General Fund. All governmental funds had total receipts of \$6,801,431 and disbursements of \$6,716,517. For fiscal year 2014, the fund balance increased mainly due to an increase in State foundation monies from a change in fund calculation that increased funding for the School District.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the School District amended its General Fund budget several times, which resulted in final appropriations increasing \$22,000. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. This caused actual disbursements to be \$770,558 lower than the final budgeted amount. The School District had budgeted high in case of unexpected expenditures.

For the General Fund, the final budget basis receipts estimate increased from the original budget basis revenue by \$7,048. Actual receipts were \$5,687,476, an increase of \$13,640 from the final budget basis.

Capital Assets

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

Debt Administration

Table 3 summarizes the School District's bonds outstanding:

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

	2014	2013
School Improvement Refunding Bonds	\$669,999	\$764,999

During the fiscal year, the School District made payments on the debt issue. For more information on the School District's debt, see Note 11 of the Basic Financial Statements.

Contacting the School District's Financial Management

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

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Bradford Exempted Village School District
Statement of Net Position - Cash Basis
June 30, 2014

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$4,342,890
Cash and Cash Equivalents with Fiscal Agent	1,278
<i>Total Assets</i>	4,344,168
Net Position:	
Restricted for:	
Debt Service	206,238
Capital Outlay	70,546
Food Service	7,323
Local Gifts and Donations	5,746
Athletics	4,061
Federal Grants	2,066
Classroom Facilities	371,503
Unclaimed Monies	5,251
Kindergarten Classroom:	
Expendable	1,275
Non-Expendable	9,000
Unrestricted	3,661,159
<i>Total Net Position</i>	\$4,344,168

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District

Statement of Activities - Cash Basis

For the Fiscal Year Ended June 30, 2014

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services	Operating Grants, Interest, and Contributions	Receipts and Changes in Net Position
Governmental Activities:				
Instruction:				
Regular	\$2,567,096	\$371,173	\$75,657	(\$2,120,266)
Special	895,347	0	533,067	(362,280)
Student Intervention Services	16,012	0	2,135	(13,877)
Support Services:				0
Pupils	403,465	0	128,173	(275,292)
Instructional Staff	233,734	0	51,819	(181,915)
Board of Education	44,598	0	0	(44,598)
Administration	515,620	0	1,585	(514,035)
Fiscal	203,329	0	26,938	(176,391)
Business	848	0	0	(848)
Operation and Maintenance of Plant	618,330	0	0	(618,330)
Pupil Transportation	280,731	31,725	100,047	(148,959)
Central	35,194	0	0	(35,194)
Operation of Non-Instructional Services	394,730	130,945	154,433	(109,352)
Extracurricular Activities	281,626	83,815	27,641	(170,170)
Capital Outlay	102,513	0	0	(102,513)
Principal Retirement	95,000	0	0	(95,000)
Interest and Fiscal Charges	28,344	0	0	(28,344)
<i>Totals</i>	<u>\$6,716,517</u>	<u>\$617,658</u>	<u>\$1,101,495</u>	<u>(\$4,997,364)</u>
General Receipts:				
Property Taxes Levied for:				
General Purposes				839,672
Debt Service				107,765
Classroom Facilities Maintenance				16,630
Income Tax				939,795
Grants and Entitlements not Restricted to Specific Programs				3,128,028
Interest				4,844
Gifts and Donations				20,021
Miscellaneous				25,523
<i>Total General Receipts</i>				<u>5,082,278</u>
<i>Change in Net Position</i>				84,914
<i>Net Position at Beginning of Year</i>				<u>4,259,254</u>
<i>Net Position at End of Year</i>				<u>\$4,344,168</u>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,470,325	\$868,336	\$4,338,661
Cash and Cash Equivalents with Fiscal Agent	0	1,278	1,278
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	4,229	0	4,229
<i>Total Assets</i>	<u>\$3,474,554</u>	<u>\$869,614</u>	<u>\$4,344,168</u>
Fund Balances:			
Nonspendable	\$5,251	\$9,000	\$14,251
Restricted	4,229	664,529	668,758
Committed	0	31,303	31,303
Assigned	436,905	164,782	601,687
Unassigned (Deficit)	3,028,169	0	3,028,169
<i>Total Fund Balances</i>	<u>\$3,474,554</u>	<u>\$869,614</u>	<u>\$4,344,168</u>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Cash Receipts, Disbursements and Changes in
Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:			
Property Taxes	\$839,672	\$124,395	\$964,067
Income Tax	939,795	0	939,795
Intergovernmental	3,549,965	637,178	4,187,143
Interest	4,827	18	4,845
Charges for Services	31,725	130,945	162,670
Tuition and Fees	344,476	0	344,476
Rent	60	0	60
Extracurricular Activities	34,624	75,828	110,452
Gifts and Donations	10,939	51,461	62,400
Miscellaneous	25,523	0	25,523
<i>Total Receipts</i>	<u>5,781,606</u>	<u>1,019,825</u>	<u>6,801,431</u>
Disbursements:			
Current:			
Instruction:			
Regular	2,491,107	75,989	2,567,096
Special	729,973	165,374	895,347
Student Intervention Services	16,012	0	16,012
Support Services:			
Pupils	275,198	128,267	403,465
Instructional Staff	170,354	63,380	233,734
Board of Education	44,598	0	44,598
Administration	514,036	1,584	515,620
Fiscal	200,616	2,713	203,329
Business	848	0	848
Operation and Maintenance of Plant	595,318	23,012	618,330
Pupil Transportation	280,000	731	280,731
Central	35,194	0	35,194
Operation of Non-Instructional Services	85,881	308,849	394,730
Extracurricular Activities	166,695	114,931	281,626
Capital Outlay	0	102,513	102,513
Debt Service:			
Principal Retirement	0	95,000	95,000
Interest and Fiscal Charges	0	28,344	28,344
<i>Total Disbursements</i>	<u>5,605,830</u>	<u>1,110,687</u>	<u>6,716,517</u>
<i>Excess of Receipts Under Disbursements</i>	<u>175,776</u>	<u>(90,862)</u>	<u>84,914</u>
Other Financing Sources (Uses):			
Transfers In	0	6,500	6,500
Advances In	0	1,000	1,000
Transfers Out	(6,500)	0	(6,500)
Advances Out	(1,000)	0	(1,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(7,500)</u>	<u>7,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	168,276	(83,362)	84,914
<i>Fund Balances at Beginning of Year</i>	<u>3,306,278</u>	<u>952,976</u>	<u>4,259,254</u>
<i>Fund Balances at End of Year</i>	<u>\$3,474,554</u>	<u>\$869,614</u>	<u>\$4,344,168</u>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property Taxes	\$837,560	\$839,756	\$839,672	(\$84)
Income Tax	930,000	939,795	939,795	0
Intergovernmental	3,509,278	3,531,478	3,544,356	12,878
Interest	7,500	4,100	4,827	727
Tuition and Fees	326,750	310,722	310,662	(60)
Rent	500	60	60	0
Extracurricular Activities	39,600	34,187	34,624	437
Gifts and Donations	1,500	10,938	10,939	1
Miscellaneous	14,100	2,800	2,541	(259)
<i>Total Receipts</i>	<i>5,666,788</i>	<i>5,673,836</i>	<i>5,687,476</i>	<i>13,640</i>
Disbursements:				
Current:				
Instruction:				
Regular	2,769,477	2,771,477	2,511,257	260,220
Special	974,738	974,738	805,525	169,213
Student Intervention Services	16,100	16,100	16,012	88
Support Services:				
Pupils	345,904	345,904	289,356	56,548
Instructional Staff	187,166	187,166	173,254	13,912
Board of Education	45,176	45,176	48,572	(3,396)
Administration	584,088	584,088	524,753	59,335
Fiscal	201,423	201,423	202,346	(923)
Business	2,250	2,250	848	1,402
Operation and Maintenance of Plant	783,424	783,424	631,276	152,148
Pupil Transportation	297,609	297,609	290,175	7,434
Central	33,410	33,410	35,578	(2,168)
Operation of Non-Instructional Services	110,373	130,373	93,208	37,165
Extracurricular Activities	184,162	184,162	169,582	14,580
Capital Outlay	5,000	5,000	0	5,000
<i>Total Disbursements</i>	<i>6,540,300</i>	<i>6,562,300</i>	<i>5,791,742</i>	<i>770,558</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(873,512)</i>	<i>(888,464)</i>	<i>(104,266)</i>	<i>784,198</i>
Other Financing Sources (Uses):				
Refund of Prior Year Disbursements	5,000	94,000	94,130	130
Refund of Prior Year Receipts	0	(12,000)	(11,777)	223
Transfers Out	(15,000)	(15,000)	(6,500)	8,500
Advances Out	(10,000)	(10,000)	(1,000)	9,000
<i>Total Other Financing Sources (Uses)</i>	<i>(20,000)</i>	<i>57,000</i>	<i>74,853</i>	<i>17,853</i>
<i>Net Change in Fund Balance</i>	<i>(893,512)</i>	<i>(831,464)</i>	<i>(29,413)</i>	<i>802,051</i>
<i>Fund Balance at Beginning of Year</i>	<i>3,033,171</i>	<i>3,033,171</i>	<i>3,033,171</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>278,857</i>	<i>278,857</i>	<i>278,857</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$2,418,516</i>	<i>\$2,480,564</i>	<i>\$3,282,615</i>	<i>\$802,051</i>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2014

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	<u>\$95,983</u>	<u>\$24,289</u>
Net Position:		
Held in Trust for Scholarships	95,983	0
Held on Behalf of Students	<u>0</u>	<u>24,289</u>
Total Net Position	<u>\$95,983</u>	<u>\$24,289</u>

See Accompanying Notes to the Basic Financial Statements

Bradford Exempted Village School District
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
Additions:	
Interest	\$10
Gifts and Contributions	7,600
	7,610
<i>Total Additions</i>	7,610
Deductions:	
Payments in Accordance with Trust Agreements	16,765
	(9,155)
<i>Change in Net Position</i>	(9,155)
<i>Net Position at Beginning of Year</i>	105,138
	\$95,983
<i>Net Position at End of Year</i>	\$95,983

See Accompanying Notes to the Basic Financial Statements

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**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

Reporting Entity

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

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

The School District participates in four jointly governed organizations, one related organization, two insurance purchasing pools, and a public entity shared risk pool. These organizations are presented in Notes 13, 14, 15 and 16 to the basic financial statements.

Jointly Governed Organizations:

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

Related Organization:

- Bradford Public Library

Insurance Purchasing Pools:

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

Public Entity Shared Risk Pool

- Southwestern Ohio Educational Purchasing Council Benefit Plan Trust

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-wide Financial Statements

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

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

2. Fund Financial Statements

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

B. Fund Accounting

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

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

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

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

2. Fiduciary Funds

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

C. Basis of Accounting

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

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

D. Cash and Cash Equivalents

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2014, the School District's investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value which is the price the investment could be sold for on June 30, 2014.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest credited to the General Fund during fiscal year 2014 amounted to \$4,827, which includes \$1,044 assigned from other School District funds.

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

E. Interfund Balances

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

F. Restricted Assets

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

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post-employment health care benefits.

I. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

J. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

L. Net Position

Net position represents the difference between all other elements in a statement in a statement of financial position. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Position restricted for other purposes include food service and federal and State grants restricted to expenditures for specified purposes.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

M. Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

N. Budgetary Process

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING

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

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

Net Change in Fund Balance	
Cash Basis	\$168,276
Unrecorded Cash - Fiscal Year 2014	1,768
Unrecorded Cash - Fiscal Year 2013	(5,750)
Adjustment for Encumbrances	<u>(193,707)</u>
Budget Basis	<u><u>(\$29,413)</u></u>

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio Local Governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances, if training requirements have been met. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

A. Investments

As of June 30, 2014, the School District only had investments in STAROhio in the amount of \$1,692,453. The average maturity of STAROhio is 51.4 days.

B. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

C. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Shelby, Darke, and Miami Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 Second- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$46,733,810	97.35%	\$47,175,820	97.11%
Public Utility Personal	1,273,660	2.65	1,405,030	2.89
Total Assessed Value	<u>\$48,007,470</u>	<u>100.00%</u>	<u>\$48,580,850</u>	<u>100.00%</u>
 Total rate per \$1,000 of assessed valuation	 \$29.07		 \$28.90	

6. INCOME TAX

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

7. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District contracted with the Southwestern Ohio Educational Purchasing Council Property, Fleet and Liability Insurance Program, an insurance purchasing pool (See Note 15).

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

B. Medical Benefits

For fiscal year 2014, the School District participated in the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust), a public entity shared risk pool (Note 16). The School District pays monthly premiums to the Trust for employee medical and prescription insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

For fiscal year 2014, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary, and the School District is required to contribute 14.0 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.0 percent for plan members and 14.0 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.1 percent. The remaining 0.9 percent of the 14.0 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$111,612, \$124,303 and \$113,886, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

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

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10.0 percent for members and 14.0 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14.0 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11.0 percent of their annual covered salary. The School District was required to contribute 14.0 percent; 13.0 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligation to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$296,495, \$291,651 and \$315,856, respectively. The full amount has been contributed for all three fiscal years. Contributions to the DC and Combined Plans for fiscal year 2014 were \$31,965 made by the School District and \$25,115 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2014, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

9. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14.0 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$18,075 in surcharge.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. POST-EMPLOYMENT BENEFITS (Continued)

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

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$26,200, \$15,425 and \$18,505, respectively. The full amount has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$6,500, \$7,049 and \$6,752, respectively. The full amount has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$22,807, \$22,435 and \$24,297, respectively. The full amount has been contributed for all three fiscal years.

10 OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Unused vacation cannot be carried forward to the succeeding fiscal year. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifteen days for classified employees and certified employees. Upon retirement, payment is made for one-third of accrued but unused sick leave credit to a maximum of fifty-nine days for classified and certified employees. They are entitled to the amount of unused sick days multiplied by their daily rate (frozen at the 30th year of service) then by one-third.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

11. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Principal Outstanding 6/30/2013	Additions	Deductions	Principal Outstanding 6/30/2014	Amounts Due in One Year
Governmental Activities:					
School Improvement Refunding Bonds 2008 – 4.00% - 4.75%	\$764,999	\$0	\$95,000	\$669,999	\$95,000

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

The School District's overall legal debt margin was \$3,908,516 with an un-voted debt margin of \$48,581 at June 30, 2014.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2014, are as follows:

Fiscal Year Ending June 30,	Capital Appreciation Bonds		Current Interest Bonds	
	Principal	Interest	Principal	Interest
2015			\$95,000	\$24,544
2016			100,000	20,644
2017			105,000	16,478
2018			110,000	12,043
2019			115,000	7,331
2020-2022	\$29,999	\$210,001	115,000	2,444
Total	<u>\$29,999</u>	<u>\$210,001</u>	<u>\$640,000</u>	<u>\$83,484</u>

12. INTERFUND ADVANCES AND TRANSFERS

At June 30, 2014, the General Fund had an unpaid interfund cash advance, in the amount of \$1,000, for a short-term loan made to the Title I Special Revenue Fund. This is expected to be repaid within one year.

The General Fund had transfers out to the Non-major Governmental Funds of \$6,500. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS

A. Upper Valley Career Center

The Upper Valley Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from each of the seven participating districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following school districts: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or local school districts: Piqua, Sidney, Troy and Shelby County Educational Service Center. The Board exercises total control over the operations of the Career Center including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. During fiscal year 2014, the School District did not contribute any money to the Upper Valley Career Center. To obtain financial information write to the Upper Valley Career Center, Anthony Fraley, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

B. Metropolitan Dayton Educational Cooperative Association

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

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. During fiscal year 2014, the School District paid \$11,330 to MDECA. Financial information can be obtained from Dean Reineke, who serves as Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

C. Southwestern Ohio Educational Purchasing Council

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

Each member district has one voting representative. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to the SOEPC are made from the General Fund. During fiscal year 2014, the School District paid \$546 to the SOEPC. Each School District's degree of control is limited to its representation on the Board. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

13. JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under chapter 1702 of the Ohio Revised Code. The purpose of SOITA is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non- public school SOITA members. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Upon dissolution, the net assets shall be distributed to the federal government, or to a State or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2014, the School District paid \$510 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Executive Director, at 1205 East Fifth Street, Dayton, OH 45402.

14. RELATED ORGANIZATION

Bradford Public Library

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

15. INSURANCE PURCHASING POOLS

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

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

15. INSURANCE PURCHASING POOLS (Continued)

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

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

16. PUBLIC ENTITY SHARED RISK POOL

Southwestern Ohio Educational Purchasing Council Benefit Plan Trust

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

17. SET-ASIDES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Capital Improvements
Set-aside Restricted Balance June 30, 2013	\$0
Current Fiscal Year Set-aside Requirement	96,515
Current Year Offsets	(4,981)
Qualifying Disbursements	(91,534)
Totals	\$0
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Restricted Balance June 30, 2014	\$0

Amounts of offsets and qualifying disbursements presented in the table for capital improvements were limited to those necessary to reduce the fiscal year-end balance to zero. Restricted assets in the General Fund in the amount of \$4,229 represent unspent receipts restricted for bus purchase.

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

18. FUND BALANCES

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

Fund Balances	General	Non-Major Governmental Funds	Total
Non-spendable:			
Unclaimed Monies	\$5,251		\$5,251
Permanent Non-expendable		\$9,000	9,000
Total Non-spendable	<u>5,251</u>	<u>9,000</u>	<u>14,251</u>
Restricted for:			
Bus Purchase	4,229		4,229
Permanent Expendable		1,275	1,275
Lunchroom		7,323	7,323
Local Gifts and Donations		5,746	5,746
Athletics		4,061	4,061
Classroom Facilities		437,820	437,820
Federal Grants		2,066	2,066
Debt Service		206,238	206,238
Total Restricted	<u>4,229</u>	<u>664,529</u>	<u>668,758</u>
Committed to:			
Board Approved Purchases on Order		31,303	31,303
Assigned to:			
Permanent Improvement		164,782	164,782
Future Appropriations	243,198		243,198
Purchases on Order	193,707		193,707
Total Assigned	<u>436,905</u>	<u>164,782</u>	<u>601,687</u>
Unassigned (Deficit)	<u>3,028,169</u>		<u>3,028,169</u>
Total Fund Balances	<u>\$3,474,554</u>	<u>\$869,614</u>	<u>\$4,344,168</u>

19. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

B. Litigation

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

20. DONOR RESTRICTED ENDOWMENTS

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

21. COMPLIANCE

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

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Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Bradford Exempted Village School District, Miami County, (the School District) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 29, 2016, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

School District's Response to Finding

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

April 29, 2016

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Noncompliance

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

Ohio Adm. Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School District prepared its financial statements for fiscal year 2015 and 2014 in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code § 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare its annual financial reports in accordance with generally accepted accounting principles to provide any user with more meaningful and useful financial statements.

Officials' Response

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

**BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(B) – Failure to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP).	No	Not Corrected; repeated as Finding 2015-001



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BRADFORD EXEMPTED VILLAGE SCHOOL DISTRICT

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 26, 2016**