



Dave Yost · Auditor of State

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2016**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	23
Statement of Net Position – Proprietary Fund.....	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund.....	25
Statement of Cash Flows – Proprietary Fund	26
Statement of Fiduciary Net Position – Fiduciary Funds	27
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	28
Notes to the Basic Financial Statements	29
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability:	
School Employees Retirement System (SERS) of Ohio.....	67
School Teachers Retirement System (STRS) of Ohio.....	68
Schedule of District Contributions:	
School Employees Retirement System (SERS) of Ohio.....	69
School Teachers Retirement System (STRS) of Ohio.....	71
Notes to Required Supplementary Information	73

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2016**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of Expenditures of Federal Awards (Prepared by Management)	75
Notes to the Schedule of Expenditures of Federal Awards (Prepared by Management).....	76
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	77
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control over Compliance Required by Uniform Guidance	79
Schedule of Findings.....	83
Corrective Action Plan (Prepared by Management)	86



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeport Exempted Village School District, Belmont County, Ohio (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 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 accounting principles generally accepted in the United States of America; this includes 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 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 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeport Exempted Village School District, Belmont County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension Liabilities and Pension Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Bridgeport Exempted Village School District
Belmont County
Independent Auditor's Report
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 5, 2017

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

The management's discussion and analysis of the Bridgeport Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position of governmental activities increased \$1,192,634 which represents a 23.68% increase from 2015.
- General revenues accounted for \$7,588,551 in revenue or 73.55% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,728,556 or 26.45% of total revenues of \$10,317,107.
- The District had \$9,124,473 in expenses related to governmental activities; \$2,728,556 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$7,588,551 were adequate to provide for these programs.
- The District has two major governmental funds: the general fund and debt service fund. The general fund had \$8,813,387 in revenues and \$7,407,019 in expenditures and other financing uses. During fiscal year 2016, the general fund's fund balance increased \$1,406,368 from \$1,002,049 to \$2,408,417.
- The debt service fund had \$366,525 in revenues and \$309,793 in expenditures. During fiscal year 2016, the debt service fund's fund balance increased \$56,732 from \$440,112 to \$496,844.

Using the Basic Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The statement of net position and statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 17 – 18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and debt service fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19 – 23 of this report.

Proprietary Funds

The District maintains one proprietary fund; an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for prescription self-insurance. The basic proprietary fund financial statements can be found on pages 24 – 26 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 27 and 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-66 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 67 through 73 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
Unaudited**

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2016 and June 30, 2015.

	Net Position	
	Governmental Activities <u>2016</u>	Governmental Activities <u>2015</u>
Assets		
Current and other assets	\$ 6,324,496	\$ 5,308,082
Capital assets, net	<u>17,491,700</u>	<u>17,431,421</u>
Total assets	<u>23,816,196</u>	<u>22,739,503</u>
Deferred Outflows of Resources		
Unamortized deferred charges on debt refunding	389,376	414,497
Pension	<u>1,203,412</u>	<u>686,386</u>
Total deferred outflows of resources	<u>1,592,788</u>	<u>1,100,883</u>
Liabilities		
Current liabilities	766,930	1,176,908
Long-term liabilities:		
Due within one year	265,913	267,615
Due in more than one year:		
Net pension liability	10,522,731	9,539,205
Other amounts	<u>4,756,905</u>	<u>4,507,511</u>
Total liabilities	<u>16,312,479</u>	<u>15,491,239</u>
Deferred Inflows of Resources		
Property taxes levied for next year	1,647,523	1,587,566
Pensions	<u>1,220,463</u>	<u>1,725,696</u>
Total deferred inflows of resources	<u>2,867,986</u>	<u>3,313,262</u>
Net Position		
Net investment in capital assets	13,424,775	13,652,982
Restricted	690,436	739,657
Unrestricted (deficit)	<u>(7,886,692)</u>	<u>(9,356,754)</u>
Total net position	<u>\$ 6,228,519</u>	<u>\$ 5,035,885</u>

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,228,519.

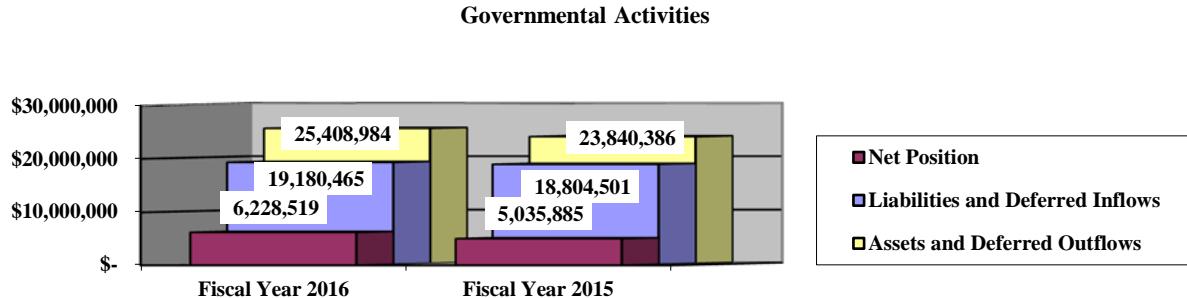
At year-end, capital assets represented 73.44% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2016, was \$13,424,775. These capital assets are used to provide services to the students and are not available for future spending.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

A portion of the District's net position, \$690,436, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$7,886,692.

The graph below illustrates the governmental activities assets and deferred inflows, liabilities and deferred outflows and net position at June 30, 2016 and 2015.



The following table shows the change in net position for fiscal years 2016 and 2015.

Change in Net Position

	Governmental Activities 2016	Governmental Activities 2015
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,163,048	\$ 973,528
Operating grants and contributions	1,565,508	1,729,919
General revenues:		
Property taxes	1,924,140	2,075,028
Grants and entitlements	5,505,361	4,065,845
Investment earnings	2,758	2,345
Miscellaneous	<u>156,292</u>	<u>155,305</u>
Total revenues	<u>10,317,107</u>	<u>9,001,970</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

Change in Net Position (Continued)

	Governmental Activities 2016	Governmental Activities 2015
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	3,973,034	4,010,368
Special	1,190,257	1,250,978
Vocational	42,969	35,070
Other	180,762	236,335
Support services:		
Pupil	387,783	317,692
Instructional staff	305,410	311,410
Board of education	67,890	32,296
Administration	667,680	708,626
Fiscal	277,906	297,329
Business	47,457	39,423
Operations and maintenance	892,302	857,548
Pupil transportation	242,593	362,002
Central	2,514	-
Operation of non-instructional services:		
Food service operations	375,688	360,968
Other non-instructional services	1,235	-
Extracurricular activities	217,654	188,257
Interest and fiscal charges	246,486	225,159
Bond issuance costs	4,853	-
Total expenses	<u>9,124,473</u>	<u>9,233,461</u>
Change in net position	1,192,634	(231,491)
Net position at beginning of year	<u>5,035,885</u>	<u>5,267,376</u>
Net position at end of year	<u>\$ 6,228,519</u>	<u>\$ 5,035,885</u>

Governmental Activities

Net position of the District's governmental activities increased \$1,192,634. Total governmental expenses of \$9,124,473 were offset by program revenues of \$2,728,556 and general revenues of \$7,588,551. Program revenues supported 29.90% of the total governmental expenses.

Total revenues increased \$1,315,137 or 14.61%. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 72.01% of total governmental revenue. Unrestricted grants and entitlements increased as a result of additional State Foundation revenue allocated to the District under the new funding formula. Also contributing to the overall increase in revenues was an increase in charges for services and sales, which is primarily related to an increase in open enrollment tuition revenue for the District.

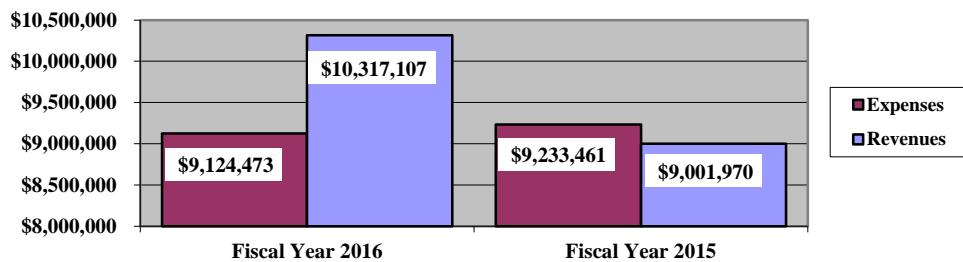
**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,387,022 or 59.04% of total governmental expenses for fiscal year 2016.

The graph below presents the governmental activities revenue and expenses for fiscal years 2016 and 2015.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Program expenses				
Instruction:				
Regular	\$ 3,973,034	\$ 2,857,653	\$ 4,010,368	\$ 3,060,827
Special	1,190,257	67,564	1,250,978	89,244
Vocational	42,969	(1,286)	35,070	2,796
Other	180,762	156,976	236,335	214,606
Support services:				
Pupil	387,783	386,973	317,692	301,260
Instructional staff	305,410	305,410	311,410	308,307
Board of education	67,890	67,890	32,296	32,296
Administration	667,680	667,680	708,626	708,626
Fiscal	277,906	277,906	297,329	297,329
Business	47,457	47,457	39,423	39,423
Operations and maintenance	892,302	875,278	857,548	816,149
Pupil transportation	242,593	232,967	362,002	276,990
Central	2,514	2,514	-	-
Operation of non-instructional services:				
Food service operations	375,688	50,764	360,968	34,895
Other non-instructional services	1,235	1,235	-	-
Extracurricular activities	217,654	147,597	188,257	122,107
Interest and fiscal charges	246,486	246,486	225,159	225,159
Bond issuance costs	4,853	4,853	-	-
Total expenses	<u>\$ 9,124,473</u>	<u>\$ 6,395,917</u>	<u>\$ 9,233,461</u>	<u>\$ 6,530,014</u>

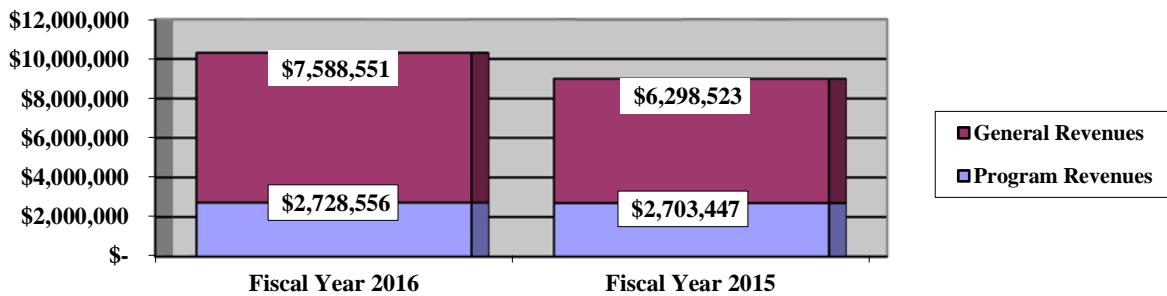
**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

The dependence upon tax and other general revenues for governmental activities is apparent; 57.19% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 70.10%.

The graph below presents the District's governmental activities revenue for fiscal years 2016 and 2015.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$3,349,178, which is higher than last year's total of \$1,987,602. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2016 and 2015.

	Fund Balance <u>June 30, 2016</u>	Fund Balance <u>June 30, 2015</u>	Change	Percentage Change
General	\$ 2,408,417	\$ 1,002,049	\$ 1,406,368	140.35 %
Debt Service	496,844	440,112	56,732	12.89 %
Nonmajor Governmental	<u>443,917</u>	<u>545,441</u>	(101,524)	(18.61) %
Total	<u>\$ 3,349,178</u>	<u>\$ 1,987,602</u>	<u>\$ 1,361,576</u>	68.50 %

General Fund

The District's general fund balance increased \$1,406,368. The table on the following page assists in illustrating the financial activities and change in fund balance of the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

	<u>2016</u> <u>Amount</u>	<u>2015</u> <u>Amount</u>	<u>Net Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Property taxes	\$ 1,576,915	\$ 1,687,489	\$ (110,574)	(6.55) %
Tuition	972,915	779,762	193,153	24.77 %
Earnings on investments	2,395	1,359	1,036	76.23 %
Intergovernmental	6,046,982	4,587,510	1,459,472	31.81 %
Other revenues	<u>214,180</u>	<u>232,230</u>	<u>(18,050)</u>	<u>(7.77) %</u>
Total	<u>\$ 8,813,387</u>	<u>\$ 7,288,350</u>	<u>\$ 1,525,037</u>	20.92 %
<u>Expenditures</u>				
Instruction	\$ 4,378,075	\$ 4,679,769	\$ (301,694)	(6.45) %
Support services	2,887,558	2,780,185	107,373	3.86 %
Non-instructional services	70	-	70	100.00 %
Extracurricular activities	121,489	113,195	8,294	7.33 %
Debt service	<u>17,327</u>	<u>33,304</u>	<u>(15,977)</u>	<u>(47.97) %</u>
Total	<u>\$ 7,404,519</u>	<u>\$ 7,606,453</u>	<u>\$ (201,934)</u>	<u>(2.65) %</u>

The largest source of revenue for the general fund is intergovernmental revenue which is primarily the District's share of State Foundation revenue. The increase in State Foundation funding for the District was \$1,459,472 or 31.81%. This increase in State Foundation funding is primarily due to the State adopting a new formula that allocated more aid to the District. Tuition revenue from open enrollment in fiscal year 2016 was \$972,915 compared to \$779,762 in the prior year. This increase is a result of an increase in open enrollment during fiscal year 2016.

The decrease in general fund expenditures is primarily due to a decrease in employee salaries and wages, particularly for the District's certified teaching personnel. In addition, the District purchased additional professional services in fiscal year 2016 for the preschool special education programs.

Debt Service Fund

The debt service fund is a major fund of the District and accounts for the accumulation of resources (primarily property taxes revenue) for the payment of principal and interest on the District's bond obligations. The debt service fund had \$366,525 in revenues and \$309,793 in expenditures. During fiscal year 2016, the debt service fund's fund balance increased \$56,732 from \$440,112 to \$496,844.

General Fund Budgeting Highlights

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

Original budgeted revenues and other financing sources of \$7,188,952 were increased to \$8,409,731 in the final budget. Most of the increase came from budgeting for the additional State Foundation revenue to be received. Actual revenues for fiscal year 2016 were \$8,410,021. This represents a \$290 increase from final budgeted revenues. General fund original appropriations (appropriated expenditures including other financing uses) of \$7,797,690 were decreased to \$7,580,558 in the final budget. The actual budget basis expenditures for fiscal year 2016 totaled \$7,580,558, which is equal to final budgeted appropriations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2016, the District had \$17,491,700 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2016 balances compared to June 30, 2015:

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

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 819,583	\$ 819,583
Land improvements	424,637	452,692
Building and improvements	15,264,686	15,647,571
Furniture and equipment	351,009	326,997
Vehicles	245,207	184,578
Construction in progress	386,578	-
Total	<u>\$ 17,491,700</u>	<u>\$ 17,431,421</u>

The overall increase in capital assets of \$60,279 is due to the District beginning construction for an energy conservation project during the fiscal year.

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

Debt Administration

At June 30, 2016, the District had \$4,270,811 in general obligation bonds, energy conservation bonds and lease-purchase obligations outstanding. Of this total, \$243,659 is due within one year and \$4,027,152 is due in greater than one year. Total reductions (payments of principal) were \$260,893.

The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	<u>Governmental Activities 2016</u>	<u>Governmental Activities 2015</u>
Energy conservation bonds	\$ 392,469	\$ -
Lease-purchase obligation	192,448	227,607
General obligation bonds	<u>3,685,894</u>	<u>3,747,572</u>
Total	<u>\$ 4,270,811</u>	<u>\$ 3,975,179</u>

See Note 10 in the notes to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**
Unaudited

Current Financial Related Activities

The vision of the District, in recognizing that it takes a community to raise a child, is to develop a collaboration with parents, school and community that will help students achieve their fullest potential. The Board of Education and Administration work diligently to provide the educational resources and personnel needed to provide excellent educational opportunities.

As the preceding information shows, the District relies heavily on State Foundation funding. Intergovernmental revenue from the State accounted for approximately 69% of all general fund receipts in fiscal year 2016. The State budget for fiscal years 2016-2017 proposes a new formula to fund school districts. Under the new funding plan, the District saw an increase in revenue from the State in fiscal year 2016, and will see another slight increase in fiscal year 2017.

Contacting the District's Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 3,558,779
Cash with fiscal agent	178,652
Receivables:	
Property taxes	2,310,216
Accounts.	19,296
Accrued interest	976
Intergovernmental	227,194
Prepayments	24,817
Materials and supplies inventory.	1,644
Inventory held for resale.	2,919
Loans receivable	3
Capital assets:	
Nondepreciable capital assets	1,206,161
Depreciable capital assets, net.	<u>16,285,539</u>
Capital assets, net	<u>17,491,700</u>
Total assets.	<u>23,816,196</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	389,376
Pension - STRS	783,007
Pension - SERS	<u>420,405</u>
Total deferred outflows of resources	<u>1,592,788</u>
Liabilities:	
Accounts payable.	22,718
Accrued wages and benefits payable.	548,660
Intergovernmental payable	44,256
Pension and post employment benefits payable.	132,491
Accrued interest payable	10,803
Claims payable.	8,002
Long-term liabilities:	
Due within one year.	265,913
Due in more than one year:	
Net pension liability	10,522,731
Other amounts due in more than one year .	<u>4,756,905</u>
Total liabilities	<u>16,312,479</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	1,647,523
Pension - STRS.	1,179,924
Pension - SERS.	<u>40,539</u>
Total deferred inflows of resources	<u>2,867,986</u>
Net position:	
Net investment in capital assets	13,424,775
Restricted for:	
Capital projects	247,509
Classroom facilities maintenance	187,157
Debt service.	239,147
Locally funded programs	5
Federally funded programs	8,585
Student activities	483
Other purposes	7,550
Unrestricted (deficit).	<u>(7,886,692)</u>
Total net position.	<u>\$ 6,228,519</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental activities:					
Instruction:					
Regular	\$ 3,973,034	\$ 1,021,657	\$ 93,724	\$ (2,857,653)	
Special	1,190,257	-	1,122,693	(67,564)	
Vocational	42,969	-	44,255	1,286	
Other	180,762	-	23,786	(156,976)	
Support services:					
Pupil.	387,783	-	810	(386,973)	
Instructional staff	305,410	-	-	(305,410)	
Board of education	67,890	-	-	(67,890)	
Administration.	667,680	-	-	(667,680)	
Fiscal.	277,906	-	-	(277,906)	
Business.	47,457	-	-	(47,457)	
Operations and maintenance	892,302	11,624	5,400	(875,278)	
Pupil transportation.	242,593	-	9,626	(232,967)	
Central	2,514	-	-	(2,514)	
Operation of non-instructional services:					
Other non-instructional services	1,235	-	-	(1,235)	
Food service operations	375,688	59,710	265,214	(50,764)	
Extracurricular activities.	217,654	70,057	-	(147,597)	
Interest and fiscal charges	251,339	-	-	(251,339)	
Total governmental activities	\$ 9,124,473	\$ 1,163,048	\$ 1,565,508		(6,395,917)

General revenues:

Property taxes levied for:	
General purposes	1,553,362
Special revenue	28,000
Debt service.	306,701
Capital outlay.	36,077
Grants and entitlements not restricted	
to specific programs	5,505,361
Investment earnings	2,758
Miscellaneous	156,292
Total general revenues	7,588,551
Change in net position	1,192,634
Net position at beginning of year	5,035,885
Net position at end of year	\$ 6,228,519

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,589,974	\$ 445,442	\$ 523,363	\$ 3,558,779
Receivables:				
Property taxes	1,882,110	371,310	56,796	2,310,216
Accounts	625	-	-	625
Accrued interest	976	-	-	976
Interfund loans	89,458	-	-	89,458
Intergovernmental	68,187	-	159,007	227,194
Loans	25,003	-	-	25,003
Prepayments	24,332	-	485	24,817
Materials and supplies inventory	-	-	1,644	1,644
Inventory held for resale	-	-	2,919	2,919
Total assets	<u>\$ 4,680,665</u>	<u>\$ 816,752</u>	<u>\$ 744,214</u>	<u>\$ 6,241,631</u>
Liabilities:				
Accounts payable	\$ 12,718	\$ -	\$ 10,000	\$ 22,718
Accrued wages and benefits payable	461,185	-	87,475	548,660
Intergovernmental payable	43,146	-	1,110	44,256
Pension and post employment benefits payable	116,826	-	15,665	132,491
Interfund loans payable	-	-	89,458	89,458
Loan payable	-	-	25,000	25,000
Total liabilities	<u>633,875</u>	<u>-</u>	<u>228,708</u>	<u>862,583</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	1,335,596	263,492	48,435	1,647,523
Delinquent property tax revenue not available	285,964	56,416	4,375	346,755
Intergovernmental revenue not available	15,837	-	18,779	34,616
Accrued interest not available	976	-	-	976
Total deferred inflows of resources	<u>1,638,373</u>	<u>319,908</u>	<u>71,589</u>	<u>2,029,870</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	1,644	1,644
Prepays	24,332	-	485	24,817
Long-term loans	25,003	-	-	25,003
Restricted:				
Debt service	-	496,844	-	496,844
Capital improvements	-	-	243,134	243,134
Classroom facilities maintenance	-	-	187,157	187,157
Food service operations	-	-	26,804	26,804
Other purposes	-	-	1,755	1,755
Extracurricular	-	-	464	464
Assigned:				
Student and staff support	9,475	-	-	9,475
Other purposes	16,903	-	-	16,903
Unassigned (deficit)	<u>2,332,704</u>	<u>-</u>	<u>(17,526)</u>	<u>2,315,178</u>
Total fund balances	<u>2,408,417</u>	<u>496,844</u>	<u>443,917</u>	<u>3,349,178</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 4,680,665</u>	<u>\$ 816,752</u>	<u>\$ 744,214</u>	<u>\$ 6,241,631</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Total governmental fund balances	\$ 3,349,178
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,491,700
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Property taxes receivable	\$ 346,755
Accrued interest receivable	976
Intergovernmental receivable	<u>34,616</u>
Total	382,347
Unamortized premiums on bonds issued are not recognized in the funds.	(488,800)
Unamortized amounts on refundings are not recognized in the funds.	389,376
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(10,803)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.	189,321
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
General obligation bonds	(3,685,894)
Compensated absences	(263,207)
Energy conservation bonds	(392,469)
Lease-purchase obligation	<u>(192,448)</u>
Total	(4,534,018)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows and outflows are not reported in governmental funds.	
Deferred outflows - Pension	1,203,412
Deferred Inflows - Pension	(1,220,463)
Net pension liability	<u>(10,522,731)</u>
Total	<u>(10,539,782)</u>
Net position of governmental activities	<u>\$ 6,228,519</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ 1,576,915	\$ 310,471	\$ 69,174	\$ 1,956,560
Tuition.	972,915	-	-	972,915
Earnings on investments	2,395	348	16	2,759
Charges for services	-	-	59,834	59,834
Extracurricular.	2,156	-	72,411	74,567
Classroom materials and fees	46,586	-	-	46,586
Rental income	9,146	-	-	9,146
Contributions and donations	7,667	-	-	7,667
Other local revenues	148,625	-	-	148,625
Intergovernmental - state	5,986,355	55,706	169,408	6,211,469
Intergovernmental - federal	60,627	-	820,927	881,554
Total revenues	<u>8,813,387</u>	<u>366,525</u>	<u>1,191,770</u>	<u>10,371,682</u>
Expenditures:				
Current:				
Instruction:				
Regular.	3,588,834	-	99,689	3,688,523
Special	594,886	-	584,744	1,179,630
Vocational	36,994	-	-	36,994
Other	157,361	-	25,301	182,662
Support services:				
Pupil	387,040	-	772	387,812
Instructional staff	308,925	-	-	308,925
Board of education	66,062	-	-	66,062
Administration	701,519	-	-	701,519
Fiscal	268,503	8,429	2,098	279,030
Business.	48,070	-	-	48,070
Operations and maintenance	798,134	-	131,117	929,251
Pupil transportation	306,791	-	-	306,791
Central	2,514	-	-	2,514
Operation of non-instructional services:				
Other operation of non-instructional.	70	-	1,165	1,235
Food service operations.	-	-	340,609	340,609
Extracurricular activities	121,489	-	80,324	201,813
Facilities acquisition and construction.	-	-	386,578	386,578
Debt service:				
Principal retirement.	10,734	62,410	35,159	108,303
Interest and fiscal charges	6,593	238,954	6,588	252,135
Bond issuance costs	-	-	4,853	4,853
Total expenditures	<u>7,404,519</u>	<u>309,793</u>	<u>1,698,997</u>	<u>9,413,309</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>1,408,868</u>	<u>56,732</u>	<u>(507,227)</u>	<u>958,373</u>
Other financing sources (uses):				
Sale of bonds.	-	-	403,203	403,203
Transfers in.	-	-	2,500	2,500
Transfers (out)	<u>(2,500)</u>	-	-	<u>(2,500)</u>
Total other financing sources (uses)	<u>(2,500)</u>	-	<u>405,703</u>	<u>403,203</u>
Net change in fund balances	1,406,368	56,732	(101,524)	1,361,576
Fund balances at beginning of year.	1,002,049	440,112	545,441	1,987,602
Fund balances at end of year.	\$ 2,408,417	\$ 496,844	\$ 443,917	\$ 3,349,178

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Net change in fund balances - total governmental funds	\$ 1,361,576
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$ 554,152
Current year depreciation	<u>(493,873)</u>
Total	60,279

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

Property taxes	(32,420)
Earnings on investments	15
Intergovernmental	<u>(22,170)</u>
Total	(54,575)

Repayment of bond, loan, lease principal, and accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.

260,893

Issuance of bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.

(403,203)

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

Change in accrued interest payable	(33)
Accreted interest on capital appreciation bonds	(153,322)
Amortization of bond premiums	31,535
Amortization of deferred charges on refunding	<u>(25,121)</u>
Total	(146,941)

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

(3,730)

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

79,602

Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.

574,432

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(535,699)

Change in net position of governmental activities	<u>\$ 1,192,634</u>
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**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
From local sources:				
Property taxes	\$ 1,361,051	\$ 1,591,812	\$ 1,591,812	\$ -
Tuition.	831,874	972,915	972,915	-
Earnings on investments	2,048	2,395	2,395	-
Classroom materials and fees	39,513	46,212	46,212	-
Rental income	7,820	9,146	9,146	-
Other local revenues	123,658	144,624	144,624	-
Intergovernmental - state	4,772,401	5,581,253	5,581,543	290
Intergovernmental - federal	50,587	59,164	59,164	-
Total revenues	<u>7,188,952</u>	<u>8,407,521</u>	<u>8,407,811</u>	<u>290</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,754,277	3,666,417	3,666,417	-
Special.	718,151	596,079	596,079	-
Vocational.	39,522	41,422	41,422	-
Other.	214,226	158,549	158,549	-
Support services:				
Pupil.	324,529	385,469	385,469	-
Instructional staff	315,850	315,457	315,457	-
Board of education	43,208	66,306	66,306	-
Administration.	710,845	697,046	697,046	-
Fiscal	290,877	275,556	275,556	-
Business	6	5,269	5,269	-
Operations and maintenance.	764,240	777,170	777,170	-
Pupil transportation	432,765	312,981	312,981	-
Central.	3	2,514	2,514	-
Other operation of non-instructional services	-	70	70	-
Extracurricular activities.	110,868	123,757	123,757	-
Debt service:				
Principal	32,323	10,734	10,734	-
Interest and fiscal charges.	1,000	6,593	6,593	-
Total expenditures	<u>7,752,690</u>	<u>7,441,389</u>	<u>7,441,389</u>	<u>-</u>
Excess (deficiency) of revenues over (under) revenues.	<u>(563,738)</u>	<u>966,132</u>	<u>966,422</u>	<u>290</u>
Other financing sources (uses):				
Transfers in	-	2,210	2,210	-
Transfers (out).	(45,000)	(49,710)	(49,710)	-
Advances (out)	-	(89,459)	(89,459)	-
Total other financing sources (uses).	<u>(45,000)</u>	<u>(136,959)</u>	<u>(136,959)</u>	<u>-</u>
Net change in fund balance	<u>(608,738)</u>	<u>829,173</u>	<u>829,463</u>	<u>290</u>
Fund balance at beginning of year	1,521,570	1,521,570	1,521,570	-
Prior year encumbrances appropriated	197,690	197,690	197,690	-
Fund balance at end of year	<u>\$ 1,110,522</u>	<u>\$ 2,548,433</u>	<u>\$ 2,548,723</u>	<u>\$ 290</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016**

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Cash with fiscal agent	\$ 178,652
Receivables:	
Accounts	<u>18,671</u>
Total assets.	<u>197,323</u>
Liabilities:	
Claims payable	<u>8,002</u>
Total liabilities	<u>8,002</u>
Net position:	
Unrestricted.	<u>189,321</u>
Total net position.	<u>\$ 189,321</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Fund
Operating revenues:	
Sales/charges for services.	\$ 271,562
Other	18,671
Total operating revenues	<u>290,233</u>
Operating expenses:	
Purchased services.	4,438
Claims	206,193
Total operating expenses.	<u>210,631</u>
Operating income and change in net position .	<u>79,602</u>
Net position at beginning of year.	<u>109,719</u>
Net position at end of year	<u>\$ 189,321</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from sales/charges for services.	\$ 271,562
Cash payments for contractual services	(4,438)
Cash payments for claims	<u>(207,351)</u>
Net cash provided by operating activities and net increase in cash and cash equivalents	<u>59,773</u>
Cash and cash equivalents at beginning of year . . .	118,879
Cash and cash equivalents at end of year	<u>\$ 178,652</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 79,602
Changes in assets and liabilities:	
Accounts receivable.	(18,671)
Claims payable	<u>(1,158)</u>
Net cash provided by operating activities	<u>\$ 59,773</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 294,595	\$ 39,613
Total assets.	<u>294,595</u>	<u>39,613</u>
Liabilities:		
Accounts payable.	\$ 84	\$ -
Loan payable	-	3
Due to students.	-	<u>39,610</u>
Total liabilities	<u>84</u>	<u>\$ 39,613</u>
Net position:		
Held in trust for scholarships	<u>294,511</u>	
Total net position.	<u><u>\$ 294,511</u></u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 1,480
Total additions.	<u>1,480</u>
Deductions:	
Scholarships awarded	<u>19,881</u>
Change in net position	(18,401)
Net position at beginning of year.	<u>312,912</u>
Net position at end of year	<u>\$ 294,511</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1856 through the consolidation of existing land areas and school districts. The District is staffed by 9 administrative, 41 non-certified employees and 57 certified full-time teaching personnel who provide services to approximately 800 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Belmont Harrison Vocational School District

The Belmont Harrison Vocational School District (the "District") is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Board is comprised of representatives from the Boards of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. The District's students may attend the District. Each participating school district's control is limited to its representation on the District's Board. To obtain financial information write to Belmont Harrison Vocational School District, Mark Lucas, Treasurer, at 110 Fox Shannon Place, St. Clairsville, Ohio 43950.

Ohio Mid-Eastern Regional Education Service Agency Information Technology Center Regional Council of Governments

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2016, the total amount paid to the Council from the School District was \$28,216. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the "Coalition") is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service training for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Coalition. The District's membership fee was \$650 for fiscal year 2016.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Educational Regional Service System Region 12

The District participates in the Educational Regional Service System Region 12 (the “ERSS”), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas counties. The purpose of ERSS is to provide support services to school districts, community schools and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an Advisory Council, which is the policymaking body for the educational entities within the region, who identifies regional need and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region’s largest and smallest school district, the director and an employee from each education technology center and one representative of a four-year institution of higher education who is appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education who is appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village and local school district within the region) and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N Seventh Street, Zanesville, Ohio 43701.

PUBLIC ENTITY RISK POOL

Ohio Association of School Business Officials Workers’ Compensation Group Rating Program

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the Program. Refer to Note 12.B. for further information on this group rating program.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUND

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

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

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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Note 13 for deferred outflows of resources related to the District's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 13 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

TAX BUDGET

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

ESTIMATED RESOURCES

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. By July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during fiscal year 2016.

APPROPRIATIONS

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

Any revisions that alter the total of any fund appropriation for all funds must be approved by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board during fiscal year 2016.

The budget figures which appear in the statement of budgetary comparisons represent the original and final appropriation amounts that were approved by the Board prior to June 30, 2016. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

ENCUMBRANCES

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

LAPSING OF APPROPRIATIONS

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

F. Cash and Investments

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

During fiscal year 2016, investments were limited to non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit are reported at cost. Negotiable certificates of deposit are reported at fair market value.

The District has invested funds in STAR Ohio during fiscal year 2016. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2016.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, the auxiliary services special revenue fund, and the private-purpose trust funds. The food service fund receives interest earnings based upon Federal mandate and the self-insurance internal service fund receives interest earnings as the amount is held by a fiscal agent in an interest bearing account separate from the District's internal investment pool. Interest revenue credited to the general fund during fiscal year 2016 amounted to \$2,395, which includes \$514 assigned from other District funds.

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

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

G. Inventory

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

H. Capital Assets

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

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

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

<u>Description</u>	<u>Governmental Activities</u>	<u>Estimated Lives</u>
Land improvements	20 - 50 years	
Buildings and improvements	20 - 50 years	
Furniture and equipment	5 - 50 years	
Vehicles	10 years	

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans to cover fund cash deficits are classified as "due to/from other funds". Long-term interfund loans that will not be repaid within the next fiscal year are classified as "loans to/from other funds" and are shown as nonspendable fund balances on the balance sheet because they are not spendable, available resources. These interfund loans are eliminated in the governmental activities column on the statement of net position.

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

J. Compensated Absences

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2016, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2016 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Unamortized Bond Premiums and Deferred Charges on Refunding

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. On the governmental fund financial statements, bond premiums are recognized in the current period. Bond premiums are presented as an addition to the face amount of the bonds. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.A.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred inflow or outflow of resources on the statement of net position.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor 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 policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Operating Revenues and Expenses

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

O. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

P. Prepayments

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

Q. Estimates

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

R. Interfund Activity

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

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2016.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2016 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public School Preschool	\$ 1,492
IDEA, Part B	8,186
Title I	2,383
Improving Teacher Quality	5,465

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash With Fiscal Agent

The District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit, since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2016, was \$178,652.

B. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all District deposits was \$3,785,950. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, \$2,328,230 of the District's bank balance of \$3,890,153 was exposed to custodial risk as discussed below, while \$1,561,923 was covered by the FDIC.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

D. Investments

As of June 30, 2016, the District had the following investments and maturities:

<u>Investment type</u>	<u>Investment Maturity</u>	
	<u>Fair Value</u>	<u>6 months or less</u>
STAR Ohio	\$ <u>107,037</u>	\$ <u>107,037</u>

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

Credit Risk: STAR Ohio carries a rating of AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2016:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ <u>107,037</u>	<u>100.00</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2016:

<u>Cash and investments per note</u>		
Carrying amount of deposits	\$ 3,785,950	
Investments	107,037	
Cash with fiscal agent	178,652	
Total	<u>\$ 4,071,639</u>	

<u>Cash and investments per statement of net position</u>		
Governmental activities	\$ 3,737,431	
Private-purpose trust funds	294,595	
Agency funds	39,613	
Total	<u>\$ 4,071,639</u>	

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2016 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 89,458</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B.** Loans between governmental funds and agency funds are reported as a "loans receivable/payable" on the financial statements. These loans are not expected to be repaid in the subsequent year. In addition, the District had long-term interfund loans that have been classified as "loan receivable/payable"

The District had the following loans outstanding at fiscal year end:

<u>Loan from</u>	<u>Loan to</u>	<u>Amount</u>
General fund	Agency	\$ 3
General fund	Nonmajor governmental fund	<u>25,000</u>
		<u>\$ 25,003</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

- C. Interfund transfers for the year ended June 30, 2016, consisted of the following, as reported on the fund financial statements:

<u>Transfer from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 2,500</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, 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 semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Belmont County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was \$260,550 in the general fund, \$51,402 in the debt service fund and \$3,986 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2015 was \$275,447 in the general fund, \$53,561 in the debt service fund and \$8,429 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$ 70,835,290	93.57	\$ 73,068,750	93.18
Public utility personal	<u>4,868,790</u>	<u>6.43</u>	<u>5,346,170</u>	<u>6.82</u>
Total	<u>\$ 75,704,080</u>	<u>100.00</u>	<u>\$ 78,414,920</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 40.85		\$ 40.85	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2016 consisted of property taxes, accrued interest, accounts receivable, intergovernmental grants and entitlements, and loans. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables except the loans are expected to be collected in the subsequent year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 06/30/15	Additions	Deductions	Balance 06/30/16
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 819,583	\$ -	\$ -	\$ 819,583
Construction in progress	- -	386,578	-	386,578
Total capital assets, not being depreciated	819,583	386,578	-	1,206,161
<i>Capital assets, being depreciated:</i>				
Land improvements	711,386	-	-	711,386
Buildings and improvements	18,993,626	-	-	18,993,626
Furniture and equipment	660,227	75,864	(32,599)	703,492
Vehicles	698,747	91,710	(144,349)	646,108
Total capital assets, being depreciated	21,063,986	167,574	(176,948)	21,054,612
<i>Less: accumulated depreciation</i>				
Land improvements	(258,694)	(28,055)	-	(286,749)
Buildings and improvements	(3,346,055)	(382,885)	-	(3,728,940)
Furniture and equipment	(333,230)	(51,852)	32,599	(352,483)
Vehicles	(514,169)	(31,081)	144,349	(400,901)
Total accumulated depreciation	(4,452,148)	(493,873)	176,948	(4,769,073)
Governmental activities capital assets, net	<u>\$ 17,431,421</u>	<u>\$ 60,279</u>	<u>\$ -</u>	<u>\$ 17,491,700</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 300,870
Special	23,860
Vocational	5,975
Other	4,772
<u>Support services:</u>	
Pupil	4,772
Instructional staff	1,085
Board of education	1,936
Administration	16,311
Fiscal	1,937
Operations and maintenance	49,546
Pupil transportation	33,251
Food service operations	32,258
Extracurricular activities	17,300
Total depreciation expense	<u>\$ 493,873</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2013, the District entered into a lease-purchase agreement to finance a lighting project at the District's athletic field. The lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital assets consisting of land improvements have been capitalized in the amount of \$294,850. At June 30, 2016, accumulated depreciation was \$34,630, leaving a book value of \$260,220. A liability is recorded in the government-wide financial statements for the present value of the future minimum lease payments. Principal payments on the lease-purchase agreement were \$35,159 and were paid from the permanent improvement fund (a nonmajor governmental fund).

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2016:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 41,747
2018	41,747
2019	41,747
2020	41,747
2021	<u>41,747</u>
Total minimum lease payments	208,735
Less: amount representing interest	<u>(16,287)</u>
Total	<u>\$ 192,448</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2016, the following activity occurred in governmental activities long-term obligations.

	Balance 06/30/15	Additions	Reductions	Balance 06/30/16	Amount Due in One Year
Governmental activities:					
Compensated absences payable	\$ 279,612	\$ 26,512	\$ (42,917)	\$ 263,207	\$ 22,254
General obligation bonds payable, Series 2012 Issue:					
Current interest bonds	3,285,000	-	-	3,285,000	-
Capital appreciation bonds	159,994	-	(62,410)	97,584	44,937
Accreted interest	302,578	153,322	(152,590)	303,310	139,641
Lease-purchase obligation	227,607	-	(35,159)	192,448	36,225
Energy conservation bonds	-	403,203	(10,734)	392,469	22,856
Net pension liability	<u>9,539,205</u>	<u>983,526</u>	<u>-</u>	<u>10,522,731</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 13,793,996</u>	<u>\$ 1,566,563</u>	<u>\$ (303,810)</u>	<u>15,056,749</u>	<u>\$ 265,913</u>
Add: Unamortized premium on bonds				488,800	
Total on statement of net position				<u>\$ 15,545,549</u>	

Compensated absences: Compensated absences will be paid from the fund from which the employees' salaries are paid, which primarily consist of the general fund and the following non-major governmental funds: food service, IDEA part B, Title I, and Improving teacher quality.

Lease-purchase obligation: Payments on the lease-purchase obligation are paid from the permanent improvement fund (a nonmajor governmental fund). See Note 9 for more detail.

Net pension liability: See Note 13 for additional details.

- B. On November 9, 2004 the District issued general obligation bonds to provide funds for constructing and improving school facilities. A portion of this bond issue was refunded in fiscal year 2012 (see Note 10.C.). These bonds are general obligations of the District for which full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations are accounted for on the statement of net position. Payments of principal and interest relating to this bond are recorded as an expenditure of the debt service fund. The source of payment is derived from a current 5.67 mil bonded tax levy for the construction project. The District fulfilled its obligation in fiscal year 2015.
- C. On May 24, 2012 the District issued general obligation bonds to advance refund a portion of the Series 2004 bond issue. These bonds are general obligations of the District for which full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations are accounted for on the statement of net position. Payments of principal and interest relating to this bond are recorded as an expenditure of the debt service fund. The source of payment is derived from a current 5.67 mil bonded tax levy for the construction project.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

This issue is comprised of current interest bonds, par value \$3,360,000 at June 30, 2015, and capital appreciation bonds, par value \$159,994. The capital appreciation bonds mature each December 1, 2015 through 2018, (stated interest rate of approximately 38.422%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$865,000. Total accreted interest of \$303,310 has been included on the statement of net position at June 30, 2016 with \$139,641 being due within one year.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity date stated in the issue is December 1, 2031.

The reacquisition price exceeded the net carrying amount of the old debt by \$491,955. This amount is being amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized portion at June 30, 2016 is reported as a deferred outflow of resources on the statement of net position.

- D. On October 21, 2015 the District entered into an agreement with Energy Optimizers, USA for the design and implementation of energy conservation measures within the District in the amounts of \$403,203. In order to fund this project the District issued energy conservation bonds. These bonds carry an interest rate of 3.05% and are expected to mature on June 1, 2030. The bonds will be paid using funds from the general fund.
- E. The following is a summary of the future debt service requirements to maturity for the general obligation bonds and loan:

Fiscal Year Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ -	\$ 86,364	\$ 86,364	\$ 44,937	\$ 175,063	\$ 220,000
2018	-	86,364	86,364	30,902	184,098	215,000
2019	-	86,364	86,364	21,745	193,255	215,000
2020	220,000	84,164	304,164	-	-	-
2021	225,000	79,714	304,714	-	-	-
2022 - 2026	1,195,000	320,442	1,515,442	-	-	-
2027 - 2031	1,350,000	149,763	1,499,763	-	-	-
2032	295,000	4,573	299,573	-	-	-
Total	<u>\$ 3,285,000</u>	<u>\$ 897,748</u>	<u>\$ 4,182,748</u>	<u>\$ 97,584</u>	<u>\$ 552,416</u>	<u>\$ 650,000</u>

Fiscal Year Year Ended	Energy Conservation Bonds		
	Principal	Interest	Total
2017	\$ 22,856	\$ 11,798	\$ 34,654
2018	23,558	11,095	34,653
2019	24,282	10,371	34,653
2020	25,029	9,625	34,654
2021	25,798	8,856	34,654
2022 - 2026	141,380	31,888	173,268
2027 - 2030	129,566	9,045	138,611
Total	<u>\$ 392,469</u>	<u>\$ 92,678</u>	<u>\$ 485,147</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- F. The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2016, are a voted debt margin of \$4,171,603 (including available funds of \$496,844), an unvoted debt margin of \$78,415, and an energy conservation debt margin of \$313,265.

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 5 to 15 days of vacation per year, depending upon length of service. The high school principal, director of maintenance and superintendent earn 20 days of vacation per year and the treasurer earns 20 days of vacation per year. Vacation days are to be used each year. Classified employees can not carry over days. Administrative staff can carry over a maximum of 10 days. Accumulated, unused vacation time is paid to administrators upon termination of employment. Teachers and the elementary and middle school principals do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of fifteen days per year for all personnel. The maximum sick leave accumulation for classified employees is 285 days. The maximum accumulation for certified employees is 300 days if hired before August 1, 2012 and 200 days if hired after that date. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 69 days for certified employees hired before August 1, 2012, and 60 days for classified employees. For certified employees hired after August 1, 2012 the maximum payout is 50 days. In addition, upon retirement, a certified employee is entitled to receive an additional severance payment of \$5.00 per day for 75% of the accrued but unused sick leave days not calculated in the severance payment. Classified employees are entitled to receive an additional payment of \$5.00 per day for the entire balance of the accrued but unused sick leave days not calculated in the severance payment.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the District contracted with Ohio School Plan for general liability, property, and fleet insurance. Liability coverage is limited to \$1,000,000 per claim and \$2,000,000 in the aggregate. Property insurance carries a limitation of \$25,560,829 in the aggregate with a \$1,000 deductible.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 12 - RISK MANAGEMENT - (Continued)

The Perkins athletic facility is exposed to flood risk. During fiscal year 2016, the District contracted with Westfield Insurance Company of Southeast for flood insurance. The field house limitation on this insurance was \$23,400 for building damage and \$14,600 for contents damage with a \$2,000 deductible for both. The concession stand building and its contents are also covered under a separate policy with limitations of \$28,700 for building and \$3,000 for contents damage with a \$2,000 deductible.

Vehicles are covered by Ohio School Plan insurance and hold a \$500 deductible (\$1,000 for buses) for collision and a \$250 deductible (\$1,000 for buses) for comprehensive. Automobile liability coverage has a \$2,000,000 limit for bodily injury and a \$5,000 limit for medical payments.

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

B. Workers' Compensation

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

C. Medical and Ancillary, Dental, Vision and Life Insurance

The District contracts with The Health Plan for hospitalization insurance for all employees. The District pays up to \$1,005 of the total monthly premiums for family and ancillary coverage and up to \$500 for individual and ancillary coverage for all certified and classified employees. The District has also contracted with various private companies to provide dental, vision and life insurance for its employees.

D. Prescription Insurance

Prescription insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of several school districts within the Eastern Region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$8,002 reported in the internal service fund at June 30, 2016, is based on an estimate provided by Self Funded Plans, Inc. (the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 12 - RISK MANAGEMENT - (Continued)

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims</u>	<u>Payments</u>	<u>Ending Balance</u>
2016	\$ 9,160	\$ 205,035	\$ (206,193)	\$ 8,002
2015	9,469	237,120	(237,429)	9,160

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. 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. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the 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.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description –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 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.

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 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, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$172,054 for fiscal year 2016. Of this amount, \$41,666 is reported as pension and postemployment benefits payable.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description –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 years 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 years 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$402,378 for fiscal year 2016. Of this amount, \$70,572 is reported as pension and postemployment benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 2,259,569	\$ 8,263,162	\$ 10,522,731
Proportion of the net pension liability	0.03959920%	0.02989883%	
Pension expense	\$ 221,951	\$ 313,748	\$ 535,699

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 34,627	\$ 380,629	\$ 415,256
Changes in proportionate share	213,724	-	213,724
District contributions subsequent to the measurement date	172,054	402,378	574,432
Total deferred outflows of resources	\$ 420,405	\$ 783,007	\$ 1,203,412
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 40,539	\$ 669,854	\$ 710,393
Changes in proportionate share	-	510,070	510,070
Total deferred inflows of resources	\$ 40,539	\$ 1,179,924	\$ 1,220,463

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$574,432 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2017	\$ 51,894	\$ (285,507)	\$ (233,613)
2018	51,894	(285,507)	(233,613)
2019	51,895	(285,506)	(233,611)
2020	<u>52,129</u>	<u>57,225</u>	<u>109,354</u>
Total	<u><u>\$ 207,812</u></u>	<u><u>\$ (799,295)</u></u>	<u><u>\$ (591,483)</u></u>

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, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	<u>15.00</u>	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 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.

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 3,133,210	\$ 2,259,569	\$ 1,523,891

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Changes Between Measurement Date and Report Date

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Schools District's net pension liability is expected to be significant.

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, 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, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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>	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2015. 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, 2015.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the 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 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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 11,478,155	\$ 8,263,162	\$ 5,544,406

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The 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, number of qualified years of service, Medicare eligibility and retirement status.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 14 - POSTEMPLOYMENT BENEFITS – (Continued)

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 2016, none of the employer contribution 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 2016, this amount was \$23,000. 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 2016, the District's surcharge obligation was \$20,241.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$27,171, and \$17,571, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

B. State Teachers Retirement System

Plan Description – The 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.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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 years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$34,520, respectively. The full amount has been contributed for fiscal year 2014.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

	Net Change in Fund Balance	General fund
Budget basis		\$ 829,463
Net adjustment for revenue accruals		392,002
Net adjustment for expenditure accruals		31,984
Net adjustment for other sources/uses		134,459
Funds budgeted elsewhere		5,742
Adjustment for encumbrances		<u>12,718</u>
GAAP basis		<u>\$ 1,406,368</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund and management information system fund.

NOTE 16 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2016, if applicable, cannot be determined at this time.

B. Litigation

Management believes there is no pending litigation that could have a material adverse effect on the financial position of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 16 – CONTINGENCIES – (Continued)

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional 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 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, 2016 Foundation funding for the 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 District.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2015	\$ -
Current year set-aside requirement	133,397
Current year qualifying expenditures	(142,201)
Current year offsets	<u>(116,778)</u>
Total	<u>\$ (125,582)</u>
Balance carried forward to fiscal year 2017	<u>\$ -</u>
Set-aside balance June 30, 2016	<u>\$ -</u>

During fiscal year 2005, the District issued \$4,907,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$4,907,000 at June 30, 2016.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 18 - OPERATING LEASE - LESSOR DISCLOSURES

During fiscal year 2014, the District entered into a lease agreement with a private company assigning the rights to oil and gas on the District's land. The primary term of the lease is five years, which may be extended for one additional five year term at the lessee's discretion. The lease is a paid-up lease which required an up-front payment at the inception of the lease; the District received this payment from the lessee in the amount of \$132,720. The lease agreement also requires the lessee to make royalty payments to the District equal to 20% of the sales proceeds from oil and gas produced. These payments will be reported as revenue for the District when earned.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST THREE FISCAL YEARS

	2015	2014	2013
District's proportion of the net pension liability	0.03959920%	0.03402700%	0.03402700%
District's proportionate share of the net pension liability	\$ 2,259,569	\$ 1,722,087	\$ 2,023,476
District's covered-employee payroll	\$ 1,192,140	\$ 988,745	\$ 876,402
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.54%	174.17%	230.88%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST THREE FISCAL YEARS

	2015	2014	2013
District's proportion of the net pension liability	0.29898830%	0.03213818%	0.03213818%
District's proportionate share of the net pension liability	\$ 8,263,162	\$ 7,817,118	\$ 9,311,699
District's covered-employee payroll	\$ 3,138,200	\$ 3,283,638	\$ 3,205,623
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	263.31%	238.06%	290.48%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Contractually required contribution	\$ 172,054	\$ 157,124	\$ 137,040	\$ 121,294
Contributions in relation to the contractually required contribution	<u>(172,054)</u>	<u>(157,124)</u>	<u>(137,040)</u>	<u>(121,294)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,228,957	\$ 1,192,140	\$ 988,745	\$ 876,402
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008	2007
\$ 125,735	\$ 114,642	\$ 119,711	\$ 78,164	\$ 77,025	\$ 87,824
<u>(125,735)</u>	<u>(114,642)</u>	<u>(119,711)</u>	<u>(78,164)</u>	<u>(77,025)</u>	<u>(87,824)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 934,833	\$ 912,029	\$ 884,129	\$ 794,350	\$ 784,369	\$ 822,322
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Contractually required contribution	\$ 402,378	\$ 439,348	\$ 426,873	\$ 416,731
Contributions in relation to the contractually required contribution	<u>(402,378)</u>	<u>(439,348)</u>	<u>(426,873)</u>	<u>(416,731)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,874,129	\$ 3,138,200	\$ 3,283,638	\$ 3,205,623
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
\$ 426,252	\$ 432,837	\$ 423,632	\$ 394,827	\$ 372,788	\$ 390,197
<u>(426,252)</u>	<u>(432,837)</u>	<u>(423,632)</u>	<u>(394,827)</u>	<u>(372,788)</u>	<u>(390,197)</u>
<u>\$ -</u>					
\$ 3,278,862	\$ 3,329,515	\$ 3,258,708	\$ 3,037,131	\$ 2,867,600	\$ 3,001,515
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2016. See the notes to the basic financials for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2016. See the notes to the basic financials for the methods and assumptions in this calculation.

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**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR/ Pass-Through Grantor Program/ Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program - Food Donation	10.555	N/A	\$22,647
Cash Assistance:			
School Breakfast Program	10.553	2016	62,390
National School Lunch Program	10.555	2016	175,950
Cash Assistance Subtotal			<u>238,340</u>
Total U.S. Department of Agriculture/Child Nutrition Cluster			260,987
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	2015 2016	54,984 <u>277,218</u> 332,202
Total Title I Grants to Local Educational Agencies			
Special Education Cluster (IDEA):			
Special Education, Grants to States (IDEA, Part B)	84.027	2015 2016	22,888 <u>178,933</u> 201,821
Special Education, Grants to States (IDEA, Part B) Subtotal			
<i>Passed through East Central Ohio Educational Service Center</i>			
Special Education - Preschool Grants	84.173	2016	<u>1,374</u>
Total Special Education Cluster (IDEA)			203,195
Improving Teacher Quality State Grants	84.367	2015 2016	7,127 <u>59,580</u> 66,707
Total Improving Teacher Quality State Grants			
Total U.S. Department of Education			<u>602,104</u>
Total Expenditures of Federal Awards			<u>\$863,091</u>

The accompanying notes are an integral part of this schedule.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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

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

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bridgeport Exempted Village School District, Belmont County, Ohio (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 5, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

Bridgeport Exempted Village School District
Belmont County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the District's responses and, accordingly, we express no opinion on them.

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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

April 5, 2017



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Bridgeport Exempted Village School District's, Belmont County, Ohio (the District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal program.

Management's Responsibility

The District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Bridgeport Exempted Village School District
Belmont County
Independent Auditor's Report on Compliance with Requirements Applicable to the
Major Federal Program and on Internal Control Over Compliance Required By
The Uniform Guidance
Page 2

Basis for Qualified Opinion on the Child Nutrition Cluster

As described in finding 2016-002 in the accompanying Schedule of Findings, the District did not comply with requirements regarding Special Tests & Provisions – Verification of Free and Reduced Price Applications applicable to its CFDA #10.553 and 10.555 Child Nutrition Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect the Child Nutrition Cluster for the year ended June 30, 2016.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2016-002.

The District's response to our internal control over compliance finding is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the District's response and, accordingly, we express no opinion on it.

Bridgeport Exempted Village School District
Belmont County
Independent Auditor's Report on Compliance with Requirements Applicable to the
Major Federal Program and on Internal Control Over Compliance Required By
The Uniform Guidance
Page 3

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

April 5, 2017

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**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Part 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): • Child Nutrition Cluster - CFDA #10.553 and #10.555	
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR Part 200.520?	Yes

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

FINDING NUMBER 2016-001

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During fiscal year 2016, the District's financial statement compiler posted \$152,590 in the Debt Service Fund to principal retirement rather than interest and fiscal charges.

The above mentioned adjustment, which was agreed to by management, is considered material to the Debt Service Fund and is reflected in the accompanying financial statements.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2016
(Continued)**

**2. FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2016-001
(Continued)**

Material Weakness (Continued)

We also noted the following:

- The School District posted \$6,586 as intergovernmental receipts instead of taxes for the Classroom Facilities Maintenance Fund.
- Parent payments on food service accounts were not properly posted to the Food Service Fund in the amount of \$21,035.
- Deferred inflows of resources for Pension-STRS were overstated by \$68,572.
- Deferred inflows of resources for Pension-SERS were understated by \$34,328.
- Accounts payable in the General Fund were understated in the amount of \$16,117.

The aforementioned reclassifications/adjustments were not considered material to the financial statements and are not reflected in the accompanying financial statements.

The District should take the necessary steps to ensure that receipts, expenditures, and deferred inflows are posted to the proper classification and in the correct amounts. Also in regards to the payments made by parents on student food service accounts these monies should be posted to the accounting records as this could result in a cash flow problem to the food service fund.

Official's Response: See Corrective Action Plan on Page 86.

3. FINDING FOR FEDERAL AWARDS

Finding Number	2016-002		
CFDA Title and Number	Child Nutrition Cluster - CFDA #10.553 and #10.555		
Federal Award Identification Number / Year	2016		
Federal Agency	U.S. Department of Agriculture		
Pass-Through Entity	Ohio Department of Education		
Repeat Finding from Prior Audit?	No	Finding Number? (if repeat)	N/A

Noncompliance and Material Weakness

7 CFR Section 245.6a(c)(1) states the local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR PART 200.515
JUNE 30, 2016
(Continued)**

3. FINDING FOR FEDERAL AWARDS (Continued)

**FINDING NUMBER 2016-002
(Continued)**

Noncompliance and Material Weakness - 7 CFR Section 245.6a(c)(1) (Continued)

7 CFR Section 245.6a(e)(1)(i) states prior to conducting any other verification activity, an individual, other than the individual who made the initial eligibility determination, shall review for accuracy each approved application selected for verification to ensure that the initial determination was correct. If the initial determination was incorrect the local educational agency must immediately notify the household and change the eligibility status.

7 CFR Section 245.6a(f)(1) states, in part, households selected for verification must be notified in writing that their applications were selected for verification and that they are required, by such date as determined by the local educational agency, to submit the requested information to verify eligibility for free or reduced price meals. These households shall be advised of the type or types of information and/or documents acceptable to the school.

We obtained the District's Verification Summary Report (the report). The report stated that 5 free and reduced price school meal family applications were selected for verification. The District selected their sample size based on the number of paper applications and those students who receive free meal benefits through the direct certification match process as of October 31, 2015; however, those students receiving free meal benefits through the direct certification match process were not subject to the verification process.

We noted the Head Cook, who is responsible for the initial eligibility determination, performs the verification process. Of the 5 applications selected for verification, we also noted the following:

- 1 application initially determined to be eligible for free meals did not have documentation to support their approved status as free. There was no evidence that eligibility status for the application was changed in the District's system to paid.
- 1 application initially determined to be eligible for free meals was determined to require changing to reduced price meals during the verification process. This application did not have documentation to support their status as reduced. There was no evidence that eligibility status for the application was changed in the District's system to paid.
- 1 application initially determined to be eligible for free meals did not have documentation to support their approved status as free. The documentation obtained by the District indicated the application should have been changed to reduced. There was no evidence that eligibility status for the application was changed in the District's system to reduced.

As a result, based on this lack of documentation that was available to audit, the School District inaccurately reported their verification results.

The District should implement control procedures for selecting and verifying the required sample of approved free and reduced price applications and make the appropriate changes to eligibility status in the District's system when so warranted. In addition, the District should designate an individual in charge of the District's verification process that is not responsible for the initial eligibility determination.

Official's Response: See Corrective Action Plan on Page 86.

**BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT
BELMONT COUNTY**

**CORRECTIVE ACTION PLAN
2 CFR PART 200.511(c)
JUNE 30, 2016**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	Plan to address the finding with financial statement preparers, Julian & Grube, Inc.	6/30/17	Dana Garrison, Treasurer
2016-002	Plan to have EMIS Coordinator perform the verification process and include all backup documentation that was received. In the event that the family does not cooperate, documentation will be kept to indicate such and adjustments will be made if necessary.	6/30/17	Dana Garrison, Treasurer



Dave Yost • Auditor of State

BRIDGEPORT EXEMPTED VILLAGE SCHOOL DISTRICT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
MAY 4, 2017