



**Dave Yost • Auditor of State**

**Bradford Exempted Village School District  
Miami County, Ohio**

**General Purpose External Financial Statements  
For the Fiscal Year Ended June 30, 2018**

**Local Government Services Section**



**Bradford Exempted Village School District**  
General Purpose External Financial Statements  
Cash Basis  
For the Fiscal Year Ended June 30, 2018

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# Dave Yost • Auditor of State

Board of Education  
Bradford Exempted Village School District  
760 Railroad Avenue  
Bradford, Ohio 45308

## Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of the Bradford Exempted Village School District as of and for the fiscal year ended June 30, 2018, in accordance with the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34, and for determining that the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34 is an acceptable financial reporting framework. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting and the display requirements of the Governmental Accounting Standards Board Statement No. 34, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

DAVE YOST  
Auditor of State

A handwritten signature in cursive script that reads "Unice S. Smith".

Unice S. Smith  
Chief of Local Government Services

August 29, 2018

**Bradford Exempted Village School District**

Statement of Net Position - Cash Basis

June 30, 2018

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	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,192,393</u>
<b>Net Position:</b>	
Restricted for:	
Debt Service	170,890
Capital Outlay	4,229
Food Service	91,718
Local Gifts and Donations	15,659
Athletics	23,889
Classroom Facilities	440,919
Federal Programs	15,673
Kindergarten Classroom:	
Expendable	1,299
Non-Expendable	9,000
Unrestricted	<u>6,419,117</u>
<i>Total Net Position</i>	<u><u>\$7,192,393</u></u>

See Accompanying Notes to the Basic Financial Statements

See Accountant's Compilation Report

**Bradford Exempted Village School District**

Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2018

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services	Operating	Receipts and Changes in Net Position
			Grants, Interest, and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$2,918,396	\$436,203	\$68,449	(\$2,413,744)
Special	957,684	0	429,955	(527,729)
Support Services:				
Pupils	505,600	0	132,958	(372,642)
Instructional Staff	220,742	0	6,445	(214,297)
Board of Education	31,159	0	0	(31,159)
Administration	722,947	0	0	(722,947)
Fiscal	284,668	0	26,769	(257,899)
Operation and Maintenance of Plant	507,669	1,240	0	(506,429)
Pupil Transportation	221,519	0	8,537	(212,982)
Central	19,385	0	0	(19,385)
Operation of Non-Instructional Services	267,597	124,963	141,382	(1,252)
Extracurricular Activities	280,830	54,915	12,982	(212,933)
Capital Outlay	227,303	0	0	(227,303)
Principal Retirement	110,000	0	0	(110,000)
Interest and Fiscal Charges	12,043	0	0	(12,043)
<i>Totals</i>	<u>\$7,287,542</u>	<u>\$617,321</u>	<u>\$827,477</u>	<u>(5,842,744)</u>
<b>General Receipts:</b>				
Property Taxes Levied for:				
General Purposes				962,278
Debt Service				92,889
Classroom Facilities Maintenance				17,252
Income Tax				1,124,831
Grants and Entitlements not Restricted to Specific Programs				4,082,799
Interest				95,704
Gifts and Donations				9,149
Miscellaneous				63,414
<i>Total General Receipts</i>				<u>6,448,316</u>
<i>Change in Net Position</i>				605,572
<i>Net Position at Beginning of Year</i>				<u>6,586,821</u>
<i>Net Position at End of Year</i>				<u><u>\$7,192,393</u></u>

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report

**Bradford Exempted Village School District**  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
June 30, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$5,976,323	\$1,210,311	\$7,186,634
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	5,759	0	5,759
<i>Total Assets</i>	<u>\$5,982,082</u>	<u>\$1,210,311</u>	<u>\$7,192,393</u>
<b>Fund Balances:</b>			
Nonspendable	\$1,530	\$9,000	\$10,530
Restricted	4,229	760,047	764,276
Assigned	377,074	441,264	818,338
Unassigned	5,599,249	0	5,599,249
<i>Total Fund Balances</i>	<u>\$5,982,082</u>	<u>\$1,210,311</u>	<u>\$7,192,393</u>

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report

**Bradford Exempted Village School District**  
Statement of Cash Receipts, Disbursements and Changes in  
Fund Balances - Cash Basis  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Receipts:</b>			
Property Taxes	\$962,278	\$110,141	\$1,072,419
Income Tax	1,124,831	0	1,124,831
Intergovernmental	4,363,588	527,535	4,891,123
Interest	95,365	1,080	96,445
Charges for Services	0	125,238	125,238
Tuition and Fees	416,254	0	416,254
Rent	1,240	0	1,240
Extracurricular Activities	24,563	50,026	74,589
Gifts and Donations	10,229	17,332	27,561
Miscellaneous	18,721	44,104	62,825
<i>Total Receipts</i>	<u>7,017,069</u>	<u>875,456</u>	<u>7,892,525</u>
<b>Disbursements:</b>			
Current:			
Instruction:			
Regular	2,854,957	63,439	2,918,396
Special	794,468	163,216	957,684
Support Services:			
Pupils	372,642	132,958	505,600
Instructional Staff	209,564	11,178	220,742
Board of Education	31,159	0	31,159
Administration	722,947	0	722,947
Fiscal	282,455	2,213	284,668
Operation and Maintenance of Plant	507,669	0	507,669
Pupil Transportation	221,519	0	221,519
Central	19,385	0	19,385
Operation of Non-Instructional Services	25,301	242,296	267,597
Extracurricular Activities	182,056	98,774	280,830
Capital Outlay	30,630	196,673	227,303
Debt Service:			
Principal Retirement	0	110,000	110,000
Interest and Fiscal Charges	0	12,043	12,043
<i>Total Disbursements</i>	<u>6,254,752</u>	<u>1,032,790</u>	<u>7,287,542</u>
<i>Excess of Receipts Over(Under) Disbursements</i>	<u>762,317</u>	<u>(157,334)</u>	<u>604,983</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Assets	589	0	589
Transfers In	0	69,277	69,277
Advances In	152,217	183,354	335,571
Transfers Out	(50,000)	(19,277)	(69,277)
Advances Out	(183,354)	(152,217)	(335,571)
<i>Total Other Financing Sources (Uses)</i>	<u>(80,548)</u>	<u>81,137</u>	<u>589</u>
<i>Net Change in Fund Balance</i>	681,769	(76,197)	605,572
<i>Fund Balances at Beginning of Year</i>	<u>5,300,313</u>	<u>1,286,508</u>	<u>6,586,821</u>
<i>Fund Balances at End of Year</i>	<u>\$5,982,082</u>	<u>\$1,210,311</u>	<u>\$7,192,393</u>

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report



**Bradford Exempted Village School District**  
Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts:</b>				
Property Taxes	\$962,119	\$969,731	\$962,278	(\$7,453)
Income Tax	1,100,000	1,100,000	1,124,831	24,831
Intergovernmental	4,476,289	4,476,289	4,336,934	(139,355)
Interest	45,000	45,000	95,365	50,365
Tuition and Fees	384,000	384,000	407,748	23,748
Rent	1,500	1,500	1,240	(260)
Extracurricular Activities	30,300	30,975	24,563	(6,412)
Gifts and Donations	7,655	14,255	10,229	(4,026)
Miscellaneous	4,901	831	10,493	9,662
<i>Total Receipts</i>	<u>7,011,764</u>	<u>7,022,581</u>	<u>6,973,681</u>	<u>(48,900)</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	3,103,644	3,562,888	2,886,195	676,693
Special	1,250,361	1,403,048	898,851	504,197
Student Intervention Services	268	269	0	269
Support Services:				
Pupils	505,765	511,955	444,798	67,157
Instructional Staff	396,847	422,357	222,587	199,770
Board of Education	77,797	82,234	32,571	49,663
Administration	867,101	913,318	745,648	167,670
Fiscal	299,822	352,712	297,055	55,657
Business	1,352	1,300	0	1,300
Operation and Maintenance of Plant	1,054,239	1,127,806	602,891	524,915
Pupil Transportation	475,019	500,444	243,107	257,337
Central	27,373	29,713	19,385	10,328
Operation of Non-Instructional Services	25,453	60,342	26,057	34,285
Extracurricular Activities	207,315	265,342	182,491	82,851
Capital Outlay	40,143	40,643	30,630	10,013
<i>Total Disbursements</i>	<u>8,332,499</u>	<u>9,274,371</u>	<u>6,632,266</u>	<u>2,642,105</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,320,735)</u>	<u>(2,251,790)</u>	<u>341,415</u>	<u>2,593,205</u>
<b>Other Financing Sources (Uses):</b>				
Refund of Prior Year Disbursements	500,000	50,000	43,388	(6,612)
Proceeds from Sale of Assets	1,000	1,000	589	(411)
Advances In	0	0	152,217	0
Transfers Out	0	(50,000)	(50,000)	0
Advances Out	0	0	(183,354)	(183,354)
<i>Total Other Financing Sources (Uses)</i>	<u>501,000</u>	<u>1,000</u>	<u>(37,160)</u>	<u>(190,377)</u>
<i>Net Change in Fund Balance</i>	(819,735)	(2,250,790)	304,255	2,555,045
<i>Fund Balance at Beginning of Year</i>	4,991,471	4,991,471	4,991,471	0
<i>Prior Year Encumbrances Appropriated</i>	<u>309,282</u>	<u>309,282</u>	<u>309,282</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$4,481,018</u>	<u>\$3,049,963</u>	<u>\$5,605,008</u>	<u>\$2,555,045</u>

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report

**Bradford Exempted Village School District**  
Statement of Fiduciary Net Position - Cash Basis  
Fiduciary Funds  
June 30, 2018

	Private Purpose Trust Fund	Agency Funds
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$78,297	\$29,383
<b>Net Position:</b>		
Held in Trust for Scholarships	78,297	0
Undistributed Monies	0	400
Held on Behalf of Students	0	28,983
Total Net Position	\$78,297	\$29,383

See Accompanying Notes to the Basic Financial Statements

See Accountant's Compilation Report

**Bradford Exempted Village School District**  
Statement of Changes in Fiduciary Net Position - Cash Basis  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust Fund
<b>Additions:</b>	
Investment Earnings	\$640
Gifts and Contributions	4,500
	5,140
<b>Deductions:</b>	
Payments in Accordance with Trust Agreements	16,500
	(11,360)
<i>Change in Net Position</i>	
<i>Net Position at Beginning of Year</i>	89,657
<i>Net Position at End of Year</i>	\$78,297

See Accompanying Notes to the Basic Financial Statements  
See Accountant's Compilation Report

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

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

*Reporting Entity*

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

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

The School District participates in four jointly governed organizations, one related organization, two insurance purchasing pools, and a public entity shared risk pool. These organizations are presented in Notes 14, 15, 16 and 17 to the basic financial statements.

Jointly Governed Organizations:

Upper Valley Career Center

Metropolitan Educational Technology Association

Southwestern Ohio Educational Purchasing Council

Southwestern Ohio Instructional Technology Association

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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Related Organization:

Bradford Public Library

Insurance Purchasing Pools:

Southwestern Ohio Educational Purchasing Council

Workers' Compensation Group Rating Plan

Southwestern Ohio Educational Purchasing Council Liability,

Fleet and Property Insurance Program

Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Council Benefit

Plan Trust

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

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

**Basis of Presentation**

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

*Government-wide Financial Statements*

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

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

## **Bradford Exempted Village School District**

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

#### *Fund Financial Statements*

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

#### **Fund Accounting**

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

#### *Governmental Funds*

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

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

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

#### *Fiduciary Funds*

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

**Bradford Exempted Village School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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to account for student managed activity programs and the other is used to account for Ohio High School Athletic Association monies.

**Basis of Accounting**

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

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

**Cash and Cash Equivalents**

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

During Fiscal Year 2018, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest credited to the General Fund during fiscal year 2018 amounted to \$95,365, which includes \$18,149 assigned from other School District funds.

## **Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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

### **Interfund Balances**

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

### **Restricted Assets**

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

### **Capital Assets**

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

### **Pensions/Other Postemployment Benefits (OPEB)**

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

### **Compensated Absences**

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

### **Long-Term Obligations**

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



## Bradford Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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### **Fund Balance**

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

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

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

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

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

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

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

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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**Net Position**

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

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

**Internal Activity**

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

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

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

**Budgetary Process**

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

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

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time final appropriations were passed.

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

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

<u>Net Change in Fund Balance</u>	
Cash Basis	\$681,769
Unrecorded Cash - Fiscal Year 2017	(440)
Adjustment for Encumbrances	<u>(377,074)</u>
Budget Basis	<u><u>\$304,255</u></u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period

## **Bradford Exempted Village School District**

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage 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 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 daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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7. The State Treasurer's investment pool (STAROhio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions.

**Investments**

As of June 30, 2018, the School District only had an investment of \$2,482,127 in STAROhio, the State Treasurer's Investment Pool. This investment has an average maturity of 48.9 days and is valued at net asset value per share provided by STAROhio.

*Interest Rate Risk*

The School District's investment policy follows State statute, which requires that an investment mature within five years of the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk*

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Shelby, Darke, and Miami Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2018 taxes were collected are:

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$53,825,180	97.26%	\$53,334,520	96.92%
Public Utility Personal	1,515,644	2.74	1,696,220	3.08
Total Assessed Value	<u>\$55,340,824</u>	<u>100.00%</u>	<u>\$55,030,740</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$28.42		\$28.29	

**NOTE 6 - INCOME TAX**

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

**NOTE 7 - RISK MANAGEMENT**

**Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School District contracted with the Southwestern Ohio Educational

## **Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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Purchasing Council Liability, Fleet and Property Insurance Program, an insurance purchasing pool (See Note 16).

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

### **Medical Benefits**

For fiscal year 2018, the School District participated in the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust), a public entity shared risk pool (Note 17). The School District pays monthly premiums to the Trust for employee medical and prescription insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

### **Workers' Compensation**

For fiscal year 2018, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

### **NOTE 8 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

#### ***Net Pension Liability/Net OPEB Liability***

Pensions and OPEB 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 net pension liability and the net OPEB liability represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term

## **Bradford Exempted Village School District**

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

#### ***Plan Description - School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:



**Bradford Exempted Village School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years 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 School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$124,820 for fiscal year 2018.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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](http://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.

## **Bradford Exempted Village School District**

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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 to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contributions to STRS was \$351,827 for fiscal year 2018.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.03155350%	0.02207777%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.02896870%</u>	<u>0.02127776%</u>	
Change in Proportionate Share	<u><u>-0.00258480%</u></u>	<u><u>-0.00080001%</u></u>	
Proportionate Share of the Net Pension Liability	\$1,730,816	\$5,054,578	\$6,785,394

***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

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 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 (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$2,401,923	\$1,730,816	\$1,168,627

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017, actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	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 commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, 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 no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that 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.

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

***Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$7,245,565	\$5,054,578	\$3,208,999

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2018, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 9 – DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. This GASB pronouncement had no effect on beginning net position as reported June 30, 2017, as the net OPEB liability is not reported in the accompanying financial statements. See below for a description of the net OPEB liability. See below for description of the net OPEB liability.

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to

## **Bradford Exempted Village School District**

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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](http://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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. 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 2018, the School District's surcharge obligation was \$14,293.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$18,916 for fiscal year 2018.

#### ***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.



**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability***

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability Prior Measurement Date	0.03155350%	0.02207777%	
Proportion of the Net OPEB Liability Current Measurement Date	<u>0.02934630%</u>	<u>0.02127776%</u>	
Change in Proportionate Share	<u><u>-0.00220720%</u></u>	<u><u>-0.00080001%</u></u>	
Proportionate Share of the Net OPEB Liability	\$787,578	\$830,179	\$1,617,757

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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.

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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 OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 8.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$951,100	\$787,578	\$658,026

  

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
School District's proportionate share of the net OPEB liability	\$639,060	\$787,578	\$984,143

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 8.

**Discount Rate** The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net OPEB liability	\$1,114,503	\$830,179	\$605,471
		Current Trend Rate	
	1% Decrease	1% Increase	
School District's proportionate share of the net OPEB liability	\$576,773	\$830,179	\$1,163,692

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

**NOTE 10 – OTHER EMPLOYEE BENEFITS**

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

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

**NOTE 11 - LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2018 were as follows:

	Principal Outstanding 6/30/17	Additions	Deductions	Principal Outstanding 6/30/18	Amounts Due in One Year
<u>Governmental Activities</u>					
School Improvement Refunding Bonds					
2008 - 4.00% - 4.75%	\$369,999	\$0	\$110,000	\$259,999	\$115,000

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

The School District's overall legal debt margin was \$4,863,658 with an unvoted debt margin of \$55,031 at June 30, 2018.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2018 are as follows:

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Fiscal Year Ending June 30,	Capital Appreciation		Current Interest Bonds	
	Bonds		Principal	Interest
	Principal	Interest		
2019	\$0	\$0	\$115,000	\$7,331
2020	0	0	115,000	2,444
2021	16,122	103,878	0	0
2022	13,877	106,123	0	0
Total	<u>\$29,999</u>	<u>\$210,001</u>	<u>\$230,000</u>	<u>\$9,775</u>

**NOTE 12 - LEASES**

The School District leases equipment under noncancelable leases. The School District disbursed \$25,800 to pay lease costs for the fiscal year ended June 30, 2018. Future lease payments are as follows:

Year	Amount
2019	\$25,800
2020	25,800
2021	25,800
2022	<u>17,200</u>
Total	<u>\$94,600</u>

**NOTE 13 - INTERFUND ADVANCES AND TRANSFERS**

The General Fund made advances out of \$183,354 to the Nonmajor Governmental Funds during fiscal year 2018.

The General Fund had transfers out to the Nonmajor Governmental Funds of \$50,000. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds. There were transfers between Nonmajor Governmental Funds to Nonmajor Governmental Funds of \$19,277 to move grant monies.

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

**Upper Valley Career Center**

The Upper Valley Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from each of the seven participating districts' elected boards, which possess its own budgeting and taxing authority. One member is appointed from the following school districts: Bradford Exempted Village School District,

## **Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or local school districts: Piqua, Sidney, Troy and Shelby County Educational Service Center. The Board exercises total control over the operations of the Career Center including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. During fiscal year 2018, the School District did not contribute any money to the Upper Valley Career Center. To obtain financial information write to the Upper Valley Career Center, Anthony Fraley, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

### **Metropolitan Educational Technology Association**

The School is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School paid META \$14,471 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

### **Southwestern Ohio Educational Purchasing Council**

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

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

Payments to the SOEPC are made from the General Fund. During fiscal year 8 the School District had no payments to the SOEPC. Each member's degree of control is limited to its representation on the Board. To obtain financial information, write to the Southwestern Ohio



**Bradford Exempted Village School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

**Southwestern Ohio Instructional Technology Association**

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of 22 representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clarmont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery County elects two representatives; all others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area. The Board exercises total control over the operations of the association including budgeting, appropriating, contracting and designation of management. Each school district's degree of control is limited to its representation on the Board.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a State or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2018, the School District did not contribute any money to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank DePalma, who serves as Interim Director, at 1205 East Fifth Street, Dayton, Ohio 45402.

**NOTE 15 - RELATED ORGANIZATION**

**Bradford Public Library**

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

**Bradford Exempted Village School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2018

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**NOTE 16 - INSURANCE PURCHASING POOLS**

**Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan**

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

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

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

**NOTE 17 - PUBLIC ENTITY SHARED RISK POOL**

**Southwestern Ohio Educational Purchasing Council Benefit Plan Trust**

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of approximately 130 School Districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**NOTE 18 - SET-ASIDES**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance June 30, 2017	\$0
Current Fiscal Year Set-aside Requirement	93,078
Current Year Offsets	(88,496)
Qualifying Disbursements	<u>(4,582)</u>
Totals	<u>\$0</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>

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

**NOTE 19 – FUND BALANCES**

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<i><b>Nonspendable</b></i>			
Unclaimed Monies	\$1,530	\$0	\$1,530
Permanent Non-expendable	0	9,000	9,000
<i><b>Total Nonspendable</b></i>	<u>\$1,530</u>	<u>\$9,000</u>	<u>\$10,530</u>

(continued)

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

Fund Balances	General Fund	Nonmajor Governmental Funds	Total
<i><b>Restricted for</b></i>			
Bus Purchase	\$4,229	\$0	\$4,229
Permanent Expendable	0	1,299	1,299
Food Service	0	91,718	91,718
Local Gifts and Donations	0	15,659	15,659
Athletics	0	23,889	23,889
Classroom Facilities	0	440,919	440,919
Federal Programs	0	15,673	15,673
Debt Service	0	170,890	170,890
<i>Total Restricted</i>	<u>4,229</u>	<u>760,047</u>	<u>764,276</u>
<i><b>Assigned to</b></i>			
Permanent Improvement	0	441,264	441,264
Purchases on Order	377,074	0	377,074
<i>Total Assigned</i>	<u>377,074</u>	<u>441,264</u>	<u>818,338</u>
<i><b>Unassigned</b></i>	<u>5,599,249</u>	<u>0</u>	<u>5,599,249</u>
<i>Total Fund Balances</i>	<u><u>\$5,982,082</u></u>	<u><u>\$1,210,311</u></u>	<u><u>\$7,192,393</u></u>

**NOTE 20 – SIGNIFICANT COMMITMENTS**

**Encumbrances**

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

General Fund	\$377,074
Nonmajor Governmental Funds	23,036
Total	<u><u>\$400,110</u></u>

## **Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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### **NOTE 21 - CONTINGENCIES**

#### **Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2018.

#### **School Foundation**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2018, Foundation funding for the School District; therefore, any financial statement impact is not determinable at this time. ODE and management believe this may result in either a receivable to or a liability of the School District.

#### **Litigation**

The School District is not currently a party to any legal proceedings.

### **NOTE 22 - DONOR RESTRICTED ENDOWMENTS**

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

### **NOTE 23 - COMPLIANCE**

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the

**Bradford Exempted Village School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2018

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United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

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