

Bloom Vernon Local School District
Scioto County, Ohio

Single Audit

July 1, 2009 through June 30, 2010
Fiscal Year Audited Under GAGAS: 2010



Balestra, Harr & Scherer, CPAs, Inc.

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Dave Yost • Auditor of State

Board of Education
Bloom Vernon Local School District
10529 Main Street
South Webster, Ohio 45682

We have reviewed the *Independent Auditor's Report* of the Bloom Vernon Local School District, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bloom Vernon Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 9, 2011

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Bloom Vernon Local School District
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Independent Auditor's Report

Bloom Vernon Local School District
10529 Main Street
South Webster, Ohio 45682

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Bloom Vernon Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

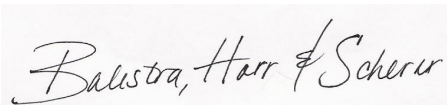
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Bloom Vernon Local School District, Scioto County, Ohio, as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Members of the Board
Bloom Vernon Local School District
Independent Auditor's Report
Page 2

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

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
December 17, 2010

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Unaudited

As management of the Bloom Vernon Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- Net Assets of governmental activities decreased \$140,316. This is primarily due to current fiscal year depreciation of capital assets.
- Total assets of governmental activities decreased \$231,475. Capital Assets, Net decreased \$565,070 primarily due to current fiscal year depreciation exceeding current fiscal year additions.
- General revenues accounted for \$7,394,809. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$2,842,058. Total revenues equaled \$10,236,867.
- The School District had \$10,377,183 in expenses related to governmental activities; only \$2,842,058, of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. General revenues (primarily grants, entitlements and property taxes) of \$7,394,809 were not adequate to provide for these programs.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Bloom Vernon Local School District as a financial whole, an entire operating entity.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other nonmajor funds presented in total in one column. The major fund for the Bloom Vernon Local School District is the General Fund.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Unaudited

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2010?” The Statement of Net Assets and the Statements of Activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net assets and changes in those assets. The change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District’s goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District’s property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page seven. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s major fund.

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

Fiduciary Fund – The School District’s only fiduciary fund is an agency fund. We exclude this activity from the School District’s other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in this fund are used for its intended purpose. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Unaudited

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2010 and 2009:

(Table 1)
Net Assets

	<u>Governmental Activities</u>		Increase
	<u>2010</u>	<u>2009</u>	<u>(Decrease)</u>
Assets			
Current Assets	\$3,462,573	\$3,128,978	\$333,595
Capital Assets, Net	<u>16,972,972</u>	<u>17,538,042</u>	<u>(565,070)</u>
Total Assets	<u>20,435,545</u>	<u>20,667,020</u>	<u>(231,475)</u>
Liabilities			
Other Liabilities	2,155,282	2,227,400	(72,118)
Long-Term Liabilities	<u>1,063,017</u>	<u>1,082,058</u>	<u>(19,041)</u>
Total Liabilities	<u>3,218,299</u>	<u>3,309,458</u>	<u>(91,159)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	16,422,972	16,953,042	(530,070)
Restricted	873,127	870,614	2,513
Unrestricted (Deficit)	<u>(78,853)</u>	<u>(466,094)</u>	<u>387,241</u>
Total Net Assets	<u>\$17,217,246</u>	<u>\$17,357,562</u>	<u>(\$140,316)</u>

Total Assets decreased \$231,475. This was primarily due to a decrease of \$565,070 in Capital Assets, Net. The decrease in Capital Assets, Net is due largely to depreciation for fiscal year 2010. Total liabilities decreased \$91,159. Long-term liabilities decreased \$19,041 due to the debt service payments on the General Obligation Bonds and a decrease in accrued sick leave severance payable.

Invested in Capital Assets, Net of Related Debt for governmental activities decreased \$530,070 due to current fiscal year depreciation exceeding current fiscal year additions. Unrestricted Net Assets increased \$387,241 mainly due to the School District utilizing monies received from the School Fiscal Stabilization Fund federal grant to help pay for utility bills that are normally paid from the General Fund along with constant monitoring by the School District to keep expenditures to a minimum.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Unaudited

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2010 and 2009. These two main components are subtracted to yield the change in net assets. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, operating and capital grants, contributions, and interest. General Revenues include property taxes, unrestricted grants, such as State foundation support, gain on the sale of capital assets, unrestricted contributions and donations, interest and miscellaneous revenues.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

(Table 2)
Change in Net Assets

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2010</u>	<u>2009</u>	<u>(Decrease)</u>
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,033,841	\$977,443	\$56,398
Operating Grants, Contributions and Interest	1,808,217	1,642,263	165,954
Capital Grants and Contributions	0	22,549	(22,549)
Total Program Revenues	<u>2,842,058</u>	<u>2,642,255</u>	<u>199,803</u>
General Revenues:			
Property Taxes	1,242,095	1,229,298	12,797
Grants and Entitlements not Restricted to Specific Programs	6,007,603	6,030,942	(23,339)
Gain on Sale of Capital Assets	2,250	0	2,250
Contributions and Donations	12,500	47	12,453
Interest	13,587	15,193	(1,606)
Miscellaneous	116,774	216,392	(99,618)
Total General Revenues	<u>7,394,809</u>	<u>7,491,872</u>	<u>(97,063)</u>
Total Revenues	<u>\$10,236,867</u>	<u>\$10,134,127</u>	<u>\$102,740</u>

(continued)

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

(Table 2)
Change in Net Assets
(continued)

	Governmental Activities		Increase
	2010	2009	(Decrease)
Program Expenses			
Instruction:			
Regular	\$4,244,884	\$4,160,843	\$84,041
Special	1,335,328	1,280,405	54,923
Vocational	15,000	17,529	(2,529)
Student Intervention Services	174,958	208,205	(33,247)
Support Services:			
Pupils	354,243	379,643	(25,400)
Instructional Staff	413,656	500,444	(86,788)
Board of Education	32,996	29,319	3,677
Administration	805,623	844,026	(38,403)
Fiscal	203,482	233,005	(29,523)
Business	27,163	35,870	(8,707)
Operation and Maintenance of Plant	1,094,103	1,264,504	(170,401)
Pupil Transportation	860,013	869,906	(9,893)
Central	9,558	9,580	(22)
Operation of Non-Instructional Services	557,164	551,083	6,081
Extracurricular Activities	188,846	192,258	(3,412)
Intergovernmental	29,000	35,600	(6,600)
Interest and Fiscal Charges	31,166	34,839	(3,673)
Total Expenses	<u>10,377,183</u>	<u>10,647,059</u>	<u>(269,876)</u>
Change in Net Assets	(140,316)	(512,932)	372,616
Net Assets at Beginning of Year	<u>17,357,562</u>	<u>17,870,494</u>	<u>(512,932)</u>
Net Assets at End of Year	<u>\$17,217,246</u>	<u>\$17,357,562</u>	<u>(\$140,316)</u>

Governmental Activities

Program Revenues increased \$199,803 from the prior fiscal year, due to an increase in restricted operating grants, particularly monies provided by the State of Ohio for Special Education. Total General Revenues decreased \$97,063, which is insignificant.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Unaudited

Several program expenditures decreased compared to fiscal year 2009, the largest being Operation and Maintenance of Plant with a decrease of \$170,401. This resulted from the School District utilizing monies received from the School Fiscal Stabilization Fund federal grant to help pay for utility bills that are normally paid from the General Fund.

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,171,812 and expenditures of \$9,878,076.

The net change in fund balance for the fiscal year was most significant in the General Fund, an increase of \$369,521. This was mainly due to the School District utilizing monies received from the School Fiscal Stabilization Fund federal grant to help pay for utility bills that are normally paid from the General Fund, along with constant monitoring by the School District to keep expenditures to a minimum.

General Fund - Budget Highlights

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

During the course of fiscal year 2010, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund's original and final budgeted amounts is listed on page 16, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

The increase in revenues from the original to the final budget was \$59,158, which is insignificant.

The decrease in expenditures from the original to the final budget was \$543,533. This was primarily the result of a \$469,774 decrease in operation and maintenance of plant due to the School District utilizing monies received from the School Fiscal Stabilization Fund federal grant to help pay for utility bills that are normally paid from the General Fund.

The School District's ending actual fund balance in the General Fund was equal to the final budgeted amount.

BLOOM VERNON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the School District had \$16,972,972 invested in capital assets (net of accumulated depreciation), for a decrease of \$565,070 from the prior fiscal year. The decrease was due to current fiscal year depreciation and deletions exceeding additions.

See Note 8 of the notes to the basic financial statements for more detailed information.

Debt

At June 30, 2010, the School District had \$550,000 in bonds outstanding, \$40,000 of which is due within one year.

See Note 13 of the notes to the basic financial statements for more detailed information regarding the School District's long-term obligations.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Ty Roberts, Treasurer at Bloom Vernon Local School District, P.O. Box 237, South Webster, Ohio 45682, or email ty.roberts@bv.k12.oh.us.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$1,825,823
Materials and Supplies Inventory	11,103
Inventory Held for Resale	8,987
Accounts Receivable	3,437
Intergovernmental Receivable	125,166
Prepaid Items	5,686
Property Taxes Receivable	1,482,371
Capital Assets:	
Land	269,130
Depreciable Capital Assets, Net	<u>16,703,842</u>
<i>Total Assets</i>	<u>20,435,545</u>
<u>Liabilities:</u>	
Accounts Payable	41,997
Contracts Payable	31,437
Accrued Wages and Benefits Payable	737,960
Intergovernmental Payable	213,406
Accrued Interest Payable	2,527
Vacation Balances Payable	45,233
Deferred Revenue	1,082,722
Long-Term Liabilities:	
Due Within One Year	96,451
Due in More Than One Year	<u>966,566</u>
<i>Total Liabilities</i>	<u>3,218,299</u>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	16,422,972
Restricted for Debt Service	271,731
Restricted for Capital Projects	238,757
Restricted for Other Purposes	227,162
Restricted for Set-Asides	135,477
Unrestricted (Deficit)	<u>(78,853)</u>
<i>Total Net Assets</i>	<u><u>\$17,217,246</u></u>

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2010

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	
			Total Governmental Activities	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$4,244,884	\$814,406	\$136,427	(\$3,294,051)
Special	1,335,328	2,186	1,062,941	(270,201)
Vocational	15,000	0	14,175	(825)
Student Intervention Services	174,958	0	36,834	(138,124)
Support Services:				
Pupils	354,243	9,908	53,714	(290,621)
Instructional Staff	413,656	0	48,558	(365,098)
Board of Education	32,996	0	0	(32,996)
Administration	805,623	0	0	(805,623)
Fiscal	203,482	0	0	(203,482)
Business	27,163	0	0	(27,163)
Operation and Maintenance of Plant	1,094,103	0	0	(1,094,103)
Pupil Transportation	860,013	1,818	91,517	(766,678)
Central	9,558	0	5,000	(4,558)
Operation of Non-Instructional Services:				
Food Service Operations	557,034	160,914	330,051	(66,069)
Other	130	0	0	(130)
Extracurricular Activities	188,846	44,609	0	(144,237)
Intergovernmental	29,000	0	29,000	0
Interest and Fiscal Charges	31,166	0	0	(31,166)
Total Governmental Activities	\$10,377,183	\$1,033,841	\$1,808,217	(7,535,125)
<u>General Revenues:</u>				
Property Taxes Levied for:				
General Purposes				1,085,482
Debt Service				80,879
Capital Outlay				53,919
Facility Maintenance				21,815
Grants and Entitlements not				
Restricted to Specific Programs				6,007,603
Gain on Sale of Capital Assets				2,250
Contributions and Donations				12,500
Interest				13,587
Miscellaneous				116,774
Total General Revenues				7,394,809
Change in Net Assets				(140,316)
Net Assets at Beginning of Year				17,357,562
Net Assets at End of Year				\$17,217,246

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$900,988	\$771,467	\$1,672,455
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	153,368	0	153,368
Receivables:			
Accounts	3,380	57	3,437
Property Taxes	1,298,428	183,943	1,482,371
Intergovernmental	0	125,166	125,166
Prepaid Items	5,270	416	5,686
Materials and Supplies Inventory	11,103	0	11,103
Inventory Held for Resale	0	8,987	8,987
<i>Total Assets</i>	<u>\$2,372,537</u>	<u>\$1,090,036</u>	<u>\$3,462,573</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$32,519	\$9,478	\$41,997
Contracts Payable	0	31,437	31,437
Accrued Wages and Benefits Payable	593,523	144,437	737,960
Intergovernmental Payable	159,473	53,933	213,406
Deferred Revenue	1,160,393	189,843	1,350,236
<i>Total Liabilities</i>	<u>1,945,908</u>	<u>429,128</u>	<u>2,375,036</u>
<u>Fund Balances:</u>			
Reserved for Encumbrances	42,422	21,197	63,619
Reserved for Property Taxes	138,035	20,061	158,096
Reserved for Textbooks and Instructional Materials	79,651	0	79,651
Reserved for Capital Acquisitions	55,826	0	55,826
Reserved for Bus Purchases	14,863	0	14,863
Reserved for Unclaimed Monies	3,028	0	3,028
Unreserved, Undesignated, Reported in:			
General Fund	92,804	0	92,804
Special Revenue Funds	0	173,045	173,045
Debt Service Fund	0	248,222	248,222
Capital Projects Funds	0	198,383	198,383
<i>Total Fund Balances</i>	<u>426,629</u>	<u>660,908</u>	<u>1,087,537</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,372,537</u>	<u>\$1,090,036</u>	<u>\$3,462,573</u>

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2010

Total Governmental Fund Balances \$1,087,537

*Amounts reported for governmental activities in the
 Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	269,130	
Other capital assets	26,105,481	
Accumulated depreciation	(9,401,639)	
Total capital assets	16,972,972	16,972,972

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent property taxes	241,553	
Intergovernmental	25,961	
	267,514	267,514

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(550,000)	
Accrued interest on bonds	(2,527)	
Vacation Balances Payable	(45,233)	
Compensated absences	(513,017)	
Total liabilities	(1,110,777)	(1,110,777)

Net Assets of Governmental Activities \$17,217,246

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$1,052,796	\$151,953	\$1,204,749
Intergovernmental	6,001,688	1,786,550	7,788,238
Interest	12,714	1,396	14,110
Tuition and Fees	818,410	0	818,410
Extracurricular Activities	0	54,317	54,317
Rent	0	200	200
Charges for Sales and Services	0	160,914	160,914
Contributions and Donations	12,500	1,600	14,100
Miscellaneous	94,490	22,284	116,774
<i>Total Revenues</i>	<u>7,992,598</u>	<u>2,179,214</u>	<u>10,171,812</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,805,460	171,032	3,976,492
Special	601,278	664,019	1,265,297
Vocational	15,000	0	15,000
Student Intervention Services	136,484	39,741	176,225
Support Services:			
Pupils	273,163	56,851	330,014
Instructional Staff	292,444	61,917	354,361
Board of Education	32,996	0	32,996
Administration	765,892	17,690	783,582
Fiscal	194,961	4,065	199,026
Business	19,581	0	19,581
Operation and Maintenance of Plant	596,462	468,758	1,065,220
Pupil Transportation	731,474	118,162	849,636
Central	4,255	5,303	9,558
Operation of Non-Instructional Services:			
Food Service Operations	0	492,430	492,430
Other	130	0	130
Extracurricular Activities	124,839	45,735	170,574
Capital Outlay	1,605	41,014	42,619
Intergovernmental	29,000	0	29,000
Debt Service:			
Principal Retirement	0	35,000	35,000
Interest and Fiscal Charges	0	31,335	31,335
<i>Total Expenditures</i>	<u>7,625,024</u>	<u>2,253,052</u>	<u>9,878,076</u>
Excess of Revenues Over (Under) Expenditures	<u>367,574</u>	<u>(73,838)</u>	<u>293,736</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Capital Assets	2,250	0	2,250
Transfers In	0	742	742
Transfers Out	(303)	(439)	(742)
<i>Total Other Financing Sources (Uses)</i>	<u>1,947</u>	<u>303</u>	<u>2,250</u>
<i>Net Change in Fund Balances</i>	369,521	(73,535)	295,986
<i>Fund Balances at Beginning of Year</i>	<u>57,108</u>	<u>734,443</u>	<u>791,551</u>
<i>Fund Balances at End of Year</i>	<u>\$426,629</u>	<u>\$660,908</u>	<u>\$1,087,537</u>

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$295,986

*Amounts reported for governmental activities in the
 Statement of Activities are different because:*

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	119,516	
Depreciation expense	(684,586)	
Excess of depreciation expense over capital outlay		(565,070)

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the costs of capital assets are removed from the capital assets account in the Statement of Net Assets and offset against the proceeds from the sale of capital assets resulting in a gain on the sale of capital assets in the Statement of Activities.

Proceeds from the sale of capital assets	(2,250)	
Gain on sale of capital assets	2,250	
		0

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	37,346	
Intergovernmental	25,459	
		62,805

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current fiscal year, these amounts consist of:

Bond payments		35,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The difference in the amount of interest on the Statement of Activities is the result of the following:

Decrease in accrued interest payable		169
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in vacation balance payable	46,753	
Increase in compensated absences payable	(15,959)	
		30,794

Change in Net Assets of Governmental Activities (\$140,316)

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budget Amounts</u>			Variance With Final Budget Over/(Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Property Taxes	\$962,200	\$1,035,447	\$1,035,447	\$0
Intergovernmental	5,979,774	5,972,688	5,972,688	0
Interest	12,000	12,789	12,789	0
Tuition and Fees	764,795	817,630	817,630	0
Rent	100	0	0	0
Contributions and Donations	100	12,500	12,500	0
Miscellaneous	170,000	97,073	97,073	0
<i>Total Revenues</i>	<u>7,888,969</u>	<u>7,948,127</u>	<u>7,948,127</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,622,723	3,806,994	3,806,994	0
Special	593,916	619,595	619,595	0
Vocational	15,000	15,000	15,000	0
Student Intervention Services	114,228	116,591	116,591	0
Support Services:				
Pupils	311,324	278,884	278,884	0
Instructional Staff	421,823	301,314	301,314	0
Board of Education	38,671	34,526	34,526	0
Administration	783,798	766,477	766,477	0
Fiscal	241,081	194,879	194,879	0
Business	40,247	21,966	21,966	0
Operation and Maintenance of Plant	1,133,171	663,397	663,397	0
Pupil Transportation	840,376	785,259	785,259	0
Central	4,214	4,253	4,253	0
Operation of Non-Instructional Services:				
Other	0	165	165	0
Extracurricular Activities	115,185	125,319	125,319	0
Capital Outlay	4,000	1,605	1,605	0
<i>Total Expenditures</i>	<u>8,279,757</u>	<u>7,736,224</u>	<u>7,736,224</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(390,788)</u>	<u>211,903</u>	<u>211,903</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>				
Advances In	5,000	0	0	0
Transfers Out	0	(303)	(303)	0
<i>Total Other Financing Sources (Uses)</i>	<u>5,000</u>	<u>(303)</u>	<u>(303)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(385,788)</u>	<u>211,600</u>	<u>211,600</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	654,016	654,016	654,016	0
<i>Prior Year Encumbrances Appropriated</i>	<u>112,092</u>	<u>112,092</u>	<u>112,092</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$380,320</u>	<u>\$977,708</u>	<u>\$977,708</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2010

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$19,348</u></u>
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Liabilities:

Undistributed Monies	<u><u>\$19,348</u></u>
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See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Bloom Vernon Local 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 was established in 1968 and serves an area of approximately 84 square miles. It is located in Scioto County, and includes all of the Village of South Webster and portions of Bloom and Vernon Townships. It is staffed by 43 non-certificated employees, 69 certificated full-time teaching personnel and six administrative employees who provide services to 965 students and other community members. The School District currently operates two instructional buildings.

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 primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Bloom Vernon Local 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. The School District has no component units.

The School District participates in four organizations, two of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are presented in Note 15 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

South Central Ohio Computer Association
Coalition of Rural and Appalachian Schools

Public Entity Shared Risk Pool:

Scioto County Schools Council

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY
(continued)

Insurance Purchasing Pool:
Ohio School Boards Association Workers' Compensation Group Rating
Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets 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 Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements normally distinguish between those activities that are governmental and those that are considered business-type activities. However, the School District has no business-type activities.

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into 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. All funds of the School District fall within two categories, governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following 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 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 grants and other resources whose use is restricted to a particular purpose.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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 one fiduciary fund, an agency fund, used to account for student activity programs.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

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

Basis of Accounting

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance, miscellaneous reimbursements, and grants.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Budgetary Process

All funds, other than the agency fund, 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 expenditures 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 level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue 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 when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed. Before fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year-end in all funds, except one, the Early Childhood Education Special Revenue Fund.

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. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year for the majority of accounts.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

To improve cash management, all 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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$12,714, which includes \$5,541 assigned from other School District funds.

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. The School District had no investments as of June 30, 2010.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the fiscal year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20 - 40 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	4 - 10 years
Textbooks	10 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The liability for vacation benefits is recorded as "Vacation Balance Payable", rather than long-term liabilities, as the balances are expected to be used in the fiscal year following the fiscal year in which the benefit is earned.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Payments for interfund 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 goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are eliminated from the Statement of Activities. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the 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, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash equivalents legally required to be set aside by the School District for textbooks and instructional materials, capital acquisitions, bus purchases, and unclaimed monies held to be reclaimed by the rightful owner. See Note 16 for additional information regarding set-asides.

Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, property taxes, textbooks and instructional materials, capital acquisitions, bus purchases, and unclaimed monies.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years. Monies not held for the five-year period are presented as reserved.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and music and athletic programs, and federal and State grants restricted to expenditures for specified purposes.

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

Estimates

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

NOTE 3 - ACCOUNTABILITY

The Food Service, IDEA-B, Fiscal Stabilization, Title I, and Title II-A Special Revenue Funds had deficit fund balances of \$8,317, \$8,977, \$24,998, \$62, and \$3,857, respectively, as of June 30, 2010. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$369,521
Adjustments:	
Revenue Accruals	(46,721)
Expenditure Accruals	(34,552)
Encumbrances	<u>(76,648)</u>
Budget Basis	<u><u>\$211,600</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

Interim monies held by the School District can 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 6 - 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, 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 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 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in calendar year 2010 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.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Scioto County. The Scioto County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 6 - PROPERTY TAXES (continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

The amount available as an advance at June 30, 2010, was \$138,035 in the General Fund and \$20,061 in Other Governmental Funds. The amount available as an advance at June 30, 2009, was \$120,686 in the General Fund and \$17,508 in Other Governmental Funds.

The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$43,242,490	78.85%	\$44,385,220	76.11%
Public Utility Personal	11,497,740	20.96%	13,878,050	23.80%
General Business Personal	102,720	0.19%	51,100	0.09%
Total Assessed Value	<u>\$54,842,950</u>	<u>100.00%</u>	<u>\$58,314,370</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$23.30		\$23.30	

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

NOTE 7 - RECEIVABLES

Receivables at June 30, 2010, consisted of accounts, property taxes, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivable amounts are expected to be received within one year except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Title I	\$46,131
America Reinvestment and Recovery Act - Title I	25,470
Title II-A	8,634
Title VI-B, Special Education IDEA B America Reinvestment and Recovery Act -Title VI-B, Special Education IDEA B	29,692 1,694
Title VI-B, Rural Early Childhood Education	491 13,054
Total Intergovernmental Receivables	<u><u>\$125,166</u></u>

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	Balance at 6/30/09	Additions	Deductions	Balance at 6/30/10
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$269,130	\$0	\$0	\$269,130
Capital Assets Being Depreciated:				
Land Improvements	718,130	31,437	0	749,567
Buildings and Improvements	22,706,733	0	0	22,706,733
Furniture, Fixtures and Equipment	1,559,741	11,504	0	1,571,245
Vehicles	980,618	76,575	(83,554)	973,639
Textbooks	104,297	0	0	104,297
Total Capital Assets Being Depreciated	26,069,519	119,516	(83,554)	26,105,481
Less Accumulated Depreciation:				
Land Improvements	(148,205)	(26,348)	0	(174,553)
Buildings and Improvements	(6,628,539)	(559,927)	0	(7,188,466)
Furniture, Fixtures and Equipment	(1,103,640)	(80,238)	0	(1,183,878)
Vehicles	(821,462)	(17,388)	83,554	(755,296)
Textbooks	(98,761)	(685)	0	(99,446)
Total Accumulated Depreciation	(8,800,607)	(684,586) *	83,554	(9,401,639)
Total Capital Assets Being Depreciated, Net	17,268,912	(565,070)	0	16,703,842
Governmental Activities				
Capital Assets, Net	\$17,538,042	(\$565,070)	\$0	\$16,972,972

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 8 - CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$252,590
Special	73,666
Support Services:	
Pupils	23,049
Instructional Staff	58,019
Administration	42,358
Fiscal	11,763
Business	7,582
Operation and Maintenance of Plant	48,361
Pupil Transportation	85,955
Operation of Non-Instructional Services:	
Food Service Operations	62,971
Extracurricular Activities	18,272
Total Depreciation Expense	<u>\$684,586</u>

NOTE 9 - 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 2010, the School District maintained comprehensive insurance coverage with Argonaut Insurance Company for liability, property, auto, and crime insurance. The School District paid its premium to Governmental Underwriters of America, an agent for Argonaut Insurance Company.

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

Employee Medical and Dental Benefits

The School District is a member of the Scioto County Schools Council, a public entity shared risk pool (Note 15), offering medical and dental insurance to employees of participating school districts within the county. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turns pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the School District shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the plan due up to the date of termination plus extended benefits, if any, provided under the plan. All claims and expenses shall be paid from the funds of the Council.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 9 - RISK MANAGEMENT (continued)

Workers' Compensation

For fiscal year 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP. Each fiscal year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$164,422, \$106,736, and \$102,008, respectively; 53.10 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$501,300, \$548,182, and \$561,082, respectively; 81.70 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$13,734 made by the School District and \$9,810 made by the plan members.

NOTE 11 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$23,110, \$67,070, and \$69,234, respectively; 53.10 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$9,778, \$8,807, and \$7,350, respectively; 53.10 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$38,562, \$42,168, and \$43,160, respectively; 81.70 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated contracts and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum payment of 50 days.

Insurance Benefits

The School District provides health care and dental coverage for its employees through the Scioto County Schools Council, vision coverage through Vision Service Plan, and life insurance through AIG Life Insurance.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 12 - EMPLOYEE BENEFITS (continued)

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Amount Outstanding 6/30/09	Additions	Deductions	Amount Outstanding 6/30/10	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
1998 School Improvement Bonds - 6.25%	\$585,000	\$0	\$35,000	\$550,000	\$40,000
Compensated Absences	497,058	22,236	6,277	513,017	56,451
Total Governmental Activities Long-Term Obligations	<u>\$1,082,058</u>	<u>\$22,236</u>	<u>\$41,277</u>	<u>\$1,063,017</u>	<u>\$96,451</u>

School Improvement Bonds - On December 1, 1998, Bloom Vernon Local School District issued \$865,100 in voted general obligation bonds for the construction of a new elementary school and for an addition to the high school building. The bonds were issued for a 23 year period with final maturity at December 31, 2020. The bonds will be retired from the Debt Service Fund.

Compensated absences will be paid from the General Fund and the Food Service, Early Childhood Education, Title VI-B, Title I, and Title II-A Special Revenue Funds.

The School District's overall legal debt margin was \$4,952,179 with an unvoted debt margin of \$58,263 at June 30, 2010.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the general obligation debt at June 30, 2010, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$40,000	\$29,170	\$69,170
2012	40,000	26,880	66,880
2013	40,000	24,600	64,600
2014	45,000	22,178	67,178
2015	45,000	19,613	64,613
2016-2020	275,000	54,860	329,860
2021	65,000	1,690	66,690
Total	<u>\$550,000</u>	<u>\$178,991</u>	<u>\$728,991</u>

NOTE 14 - INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2010, were as follows:

Transfers To	Transfers From		
	General	Other Governmental Funds	Total All Funds
Other Governmental Funds	<u>\$303</u>	<u>\$439</u>	<u>\$742</u>

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. A transfer from the Miscellaneous Federal Grants Special Revenue Fund to the Title II-D Special Revenue Fund was made to move monies that remained from the prior fiscal year Title II-D program into the new fund that was created to specifically account for these program dollars.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL

Jointly Governed Organizations

South Central Ohio Computer Association

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Lawrence, Pike, Ross, Jackson, Vinton, and Scioto Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, and one representative from the fiscal agent. The School District paid SCOCA \$16,064 for membership services provided during the fiscal year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the "Coalition") is a jointly governed organization of over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of 14 members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for School District administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for School District personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District paid \$300 to the Coalition for services provided during the fiscal year. To obtain financial information, write to Lori Spencer at Ohio University, McCracken Hall, Athens, Ohio 45701.

Public Entity Shared Risk Pool

Scioto County Schools Council

The School District is a member of the Scioto County Schools Council (the "Council"), a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Schools Council. The overall objectives of the Council are to formulate and administer programs of health and dental insurance for the benefit of the Council members' employees and their dependents, to obtain lower costs for health and dental coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL (continued)

The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as 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.

NOTE 16 - SET-ASIDE CALCULATIONS

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 purchase of textbooks and instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for textbooks and instructional materials and for capital acquisitions. Disclosure of this information is required by State statute.

	Textbooks and Instructional Materials	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2009	\$57,057	\$82,942
Current Fiscal Year Set-aside Requirement	130,848	130,848
Current Fiscal Year Offsets	0	(123,042)
Qualifying Disbursements	(108,254)	(34,922)
Totals	<u>\$79,651</u>	<u>\$55,826</u>
Set-aside Reserve Balance as of June 30, 2010	<u>\$79,651</u>	<u>\$55,826</u>

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

NOTE 17 - CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2010.

Litigation

The School District is not party to any legal proceedings.

BLOOM VERNON LOCAL SCHOOL DISTRICT
Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>United States Department of Agriculture</u>						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	\$ 92,219	\$ -	\$ 92,219	\$ -
National School Lunch Program	3L60	10.555	<u>180,402</u>	<u>50,443</u>	<u>180,402</u>	<u>50,443</u>
Total Nutrition Cluster			272,621	50,443	272,621	50,443
Total United States Department of Agriculture			<u>272,621</u>	<u>50,443</u>	<u>272,621</u>	<u>50,443</u>
<u>United States Department of Education</u>						
<i>Passed through Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	6BSF	84.027	210,583	-	215,353	-
Special Education - Preschool Grants	PGS1	84.173	-	-	600	-
Special Education - Grants to States - ARRA	N/A	84.391	<u>116,744</u>	<u>-</u>	<u>115,663</u>	<u>-</u>
Total Special Education Cluster			327,327	-	331,616	-
<i>Title I Cluster</i>						
Title I Grants to Local Educational Agencies	C1S1	84.010	388,357	-	392,287	-
Title I Grants to Local Educational Agencies - ARRA	N/A	84.389	<u>34,491</u>	<u>-</u>	<u>34,308</u>	<u>-</u>
Total Title I Cluster			422,848	-	426,595	-
Safe and Drug Free Schools and Communities - State Grants	DRS1	84.186	5,265	-	5,264	-
Education Technology State Grants	TJS1	84.318	3,859	-	4,299	-
Rural Education	N/A	84.358	26,862	-	27,025	-
Improving Teacher Quality State Grants	TRS1	84.367	92,620	-	97,124	-
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	N/A	84.394	<u>389,939</u>	<u>-</u>	<u>389,938</u>	<u>-</u>
Total United States Department of Education			<u>1,268,720</u>	<u>-</u>	<u>1,281,861</u>	<u>-</u>
Total Federal Financial Assistance			<u>#####</u>	<u>\$ 50,443</u>	<u>\$ 1,554,482</u>	<u>\$ 50,443</u>

N/A=Not Available

See accompanying notes to schedule of federal awards receipts and expenditures.

Bloom Vernon Local School District
Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2010

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DONATION

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

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



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by
*Government Auditing Standards***

Bloom Vernon Local School District
10529 Main Street
South Webster, Ohio 45682

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Bloom Vernon Local School District, Scioto County (the School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

Members of the Board
Bloom Vernon Local School District
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by
Government Auditing Standards
Page 2

We intend this report solely for the information and use of management, members of the Board, others within the School District, federal awarding agencies and pass-through entitles. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 17, 2010



**Report on Compliance With Requirements Applicable to Each Major Federal Program and
on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Bloom Vernon Local School District
Scioto County
10529 Main Street
South Webster, Ohio 45682

To the Board of Education:

Compliance

We have audited the compliance of Bloom Vernon Local School District, Scioto County, Ohio (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect Bloom Vernon Local School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Bloom Vernon Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

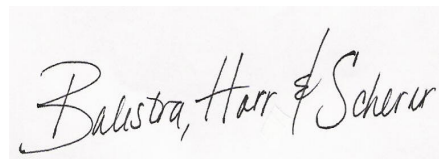
Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent or to timely detect and correct noncompliance with a federal program compliance requirement.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 17, 2010

Bloom Vernon Local School District
Scioto County
June 30, 2010

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(v)	Type of Major Program' s Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster CFDA# 10.553 & 10.555 Special Education Cluster CFDA# 84.027, 84.173 & 84.391 Title I Cluster CFDA# 84.010 & 84.389 State Fiscal Stabilization Fund CFDA# 84.394
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Bloom Vernon Local School District
Scioto County
June 30, 2010

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.



Dave Yost • Auditor of State

BLOOM VERNON LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 22, 2011**