



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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BLOOM-VERNON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY

SINGLE AUDIT

For the Year Ended June 30, 2011
Fiscal Year Audited Under GAGAS: 2011



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, 2010 through June 30, 2011. 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 26, 2012

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**BLOOM-VERNON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloom-Vernon Local School District, Scioto County, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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.

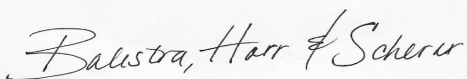
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom-Vernon Local School District, Scioto County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof, and the 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 January 12, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 19 to the financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Balestra, Harr & Scherer, CPAs, Inc.
January 12, 2012

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

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, 2011. 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 2011 are as follows:

- Net Assets of governmental activities increased \$164,541. This was primarily due to revenues exceeding non-capitalized expenses even though expenses increased for the fiscal year.
- Total assets of governmental activities increased \$661,397. Current Assets increased \$638,690 primarily due to receivables for the Education Jobs Grant and the Race to the Top Grant.
- General revenues accounted for \$7,571,361. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$3,389,422. Total revenues equaled \$10,960,783.
- The School District had \$10,796,242 in expenses related to governmental activities; only \$3,389,422, 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 \$7,571,361 were 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 funds for the Bloom-Vernon Local School District are the General Fund and the Education Jobs Grant Special Revenue Fund.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

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 2011?” 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 funds.

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, 2011

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 2011 and 2010:

(Table 1)
Net Assets

	<u>Governmental Activities</u>		Increase
	<u>2011</u>	<u>2010*</u>	<u>(Decrease)</u>
Assets			
Current Assets	\$4,101,263	\$3,462,573	\$638,690
Capital Assets, Net	16,995,679	16,972,972	22,707
Total Assets	<u>21,096,942</u>	<u>20,435,545</u>	<u>661,397</u>
Liabilities			
Other Liabilities	2,137,957	2,155,282	(17,325)
Long-Term Liabilities	1,743,692	1,229,511	514,181
Total Liabilities	<u>3,881,649</u>	<u>3,384,793</u>	<u>496,856</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	15,922,467	16,422,972	(500,505)
Restricted	1,147,348	873,071	274,277
Unrestricted (Deficit)	145,478	(245,291)	390,769
Total Net Assets	<u>\$17,215,293</u>	<u>\$17,050,752</u>	<u>\$164,541</u>

* Restated (See Note 19)

Total Assets increased \$661,397. This was primarily due to an increase of \$444,052 in Intergovernmental Receivable due to receivables for the Education Jobs Grant and the Race to the Top Grant. There was only a small increase in Capital Assets, Net for fiscal year 2011. There were additions to Capital Assets of \$727,763 which consisted largely of the additions to buildings and building improvements and to construction in progress related to the School Energy Conservation Project. However, the additions were mostly offset by depreciation expense. Total liabilities increased \$496,856 mostly due to the issuance of the School Energy Conservation Bonds.

Invested in Capital Assets, Net of Related Debt for governmental activities decreased \$500,505 mainly due to the issuance of the School Energy Conservation Bonds. Restricted Net Assets increased \$274,277 mainly due to the Education Jobs Grant. Unrestricted Net Assets increased \$390,769 due to revenues exceeding non-capitalized expenses even though expenses increased for the fiscal year.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2011 and 2010. 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

	Governmental Activities		Increase
	2011	2010*	(Decrease)
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,066,774	\$1,033,841	\$32,933
Operating Grants, Contributions and Interest	2,322,648	1,808,217	514,431
Total Program Revenues	3,389,422	2,842,058	547,364
General Revenues:			
Property Taxes	1,231,532	1,242,095	(10,563)
Grants and Entitlements not Restricted to Specific Programs	6,114,295	6,007,603	106,692
Gain on Sale of Capital Assets	0	2,250	(2,250)
Contributions and Donations	2,500	12,500	(10,000)
Interest	11,026	13,587	(2,561)
Miscellaneous	212,008	116,774	95,234
Total General Revenues	7,571,361	7,394,809	176,552
Total Revenues	\$10,960,783	\$10,236,867	\$723,916

(continued)

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

(Table 2)
Change in Net Assets
(continued)

	Governmental Activities		Increase
	2011	2010*	(Decrease)
Program Expenses			
Instruction:			
Regular	\$4,675,632	\$4,326,575	\$349,057
Special	1,352,025	1,352,718	(693)
Vocational	10,906	15,000	(4,094)
Student Intervention Services	180,646	177,544	3,102
Support Services:			
Pupils	311,309	359,734	(48,425)
Instructional Staff	462,206	427,474	34,732
Board of Education	34,226	32,996	1,230
Administration	847,577	827,476	20,101
Fiscal	190,424	205,876	(15,452)
Business	28,506	27,163	1,343
Operation and Maintenance of Plant	991,143	1,101,836	(110,693)
Pupil Transportation	870,129	866,442	3,687
Central	9,489	9,558	(69)
Operation of Non-Instructional Services	566,316	564,273	2,043
Extracurricular Activities	179,063	188,846	(9,783)
Intergovernmental	37,500	29,000	8,500
Interest and Fiscal Charges	49,145	31,166	17,979
Total Expenses	<u>10,796,242</u>	<u>10,543,677</u>	<u>252,565</u>
Change in Net Assets	164,541	(306,810)	471,351
Net Assets at Beginning of Year	<u>17,050,752</u>	<u>17,357,562</u>	<u>(306,810)</u>
Net Assets at End of Year	<u>\$17,215,293</u>	<u>\$17,050,752</u>	<u>\$164,541</u>

* Restated (See Note 19)

Governmental Activities

Program Revenues increased \$547,364 from the prior fiscal year, due to an increase in restricted operating grants, particularly the Education Jobs Grant which was new for fiscal year 2011. Total General Revenues increased \$176,552, mainly due to an increase in the School Fiscal Stabilization Fund federal grant.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Overall, program expenses increased compared to fiscal year 2010. There were increases and decreases in various program expenses. However, the largest increase was in Regular Instruction with an increase of \$349,057. This primarily resulted from increases in salaries and benefits for teachers.

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 \$10,559,872 and expenditures of \$10,842,126.

The net change in fund balance for the fiscal year was most significant in the General Fund, an increase of \$310,301. This was due to revenues exceeding non-capitalized expenses even though expenses increased for the fiscal year.

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 2011, 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 \$278,281, which was most significant in intergovernmental revenue due to the receipt of unanticipated revenues.

The decrease in expenditures from the original to the final budget was \$51,031, which was insignificant.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011, the School District had \$16,995,679 invested in capital assets (net of accumulated depreciation), for an increase of \$22,707 from the prior fiscal year, which was insignificant.

See Note 9 of the notes to the basic financial statements for more detailed information.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Debt

At June 30, 2011, the School District had \$1,010,000 in bonds outstanding, \$90,000 of which is due within one year.

See Note 14 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, 2011

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$1,980,933
Materials and Supplies Inventory	16,976
Inventory Held for Resale	11,884
Accounts Receivable	8,278
Intergovernmental Receivable	569,218
Prepaid Items	5,142
Property Taxes Receivable	1,508,832
Capital Assets:	
Land and Construction in Progress	358,790
Depreciable Capital Assets, Net	<u>16,636,889</u>
<i>Total Assets</i>	<u>21,096,942</u>
<u>Liabilities:</u>	
Accounts Payable	53,478
Contracts Payable	50,839
Accrued Wages and Benefits Payable	737,671
Intergovernmental Payable	190,127
Accrued Interest Payable	10,402
Retainage Payable	12,373
Deferred Revenue	1,083,067
Long-Term Liabilities:	
Due Within One Year	177,842
Due in More Than One Year	<u>1,565,850</u>
<i>Total Liabilities</i>	<u>3,881,649</u>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	15,922,467
Restricted for Debt Service	259,826
Restricted for Capital Projects	252,658
Restricted for Other Purposes	562,529
Restricted for Set-Asides	72,335
Unrestricted	<u>145,478</u>
<i>Total Net Assets</i>	<u><u>\$17,215,293</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, 2011

	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	\$4,675,632	\$836,952	\$561,998	(\$3,276,682)
Special	1,352,025	30,409	1,049,030	(272,586)
Vocational	10,906	0	18,572	7,666
Student Intervention Services	180,646	0	66,498	(114,148)
Support Services:				
Pupils	311,309	5,142	61,153	(245,014)
Instructional Staff	462,206	0	110,132	(352,074)
Board of Education	34,226	0	0	(34,226)
Administration	847,577	0	0	(847,577)
Fiscal	190,424	0	0	(190,424)
Business	28,506	0	0	(28,506)
Operation and Maintenance of Plant	991,143	0	0	(991,143)
Pupil Transportation	870,129	1,567	73,757	(794,805)
Central	9,489	0	5,000	(4,489)
Operation of Non-Instructional Services:				
Food Service Operations	566,198	157,157	321,985	(87,056)
Other	118	0	0	(118)
Extracurricular Activities	179,063	35,547	17,023	(126,493)
Intergovernmental	37,500	0	37,500	0
Interest and Fiscal Charges	49,145	0	0	(49,145)
<i>Total Governmental Activities</i>	\$10,796,242	\$1,066,774	\$2,322,648	(7,406,820)
<u>General Revenues:</u>				
Property Taxes Levied for:				
General Purposes			1,099,975	
Debt Service			55,757	
Capital Outlay			54,778	
Facility Maintenance			21,022	
Grants and Entitlements not Restricted to Specific Programs			6,114,295	
Contributions and Donations			2,500	
Interest			11,026	
Miscellaneous			212,008	
<i>Total General Revenues</i>			7,571,361	
<i>Change in Net Assets</i>			164,541	
<i>Net Assets at Beginning of Year - Restated (See Note 19)</i>			17,050,752	
<i>Net Assets at End of Year</i>			\$17,215,293	

See accompanying notes to the basic financial statements

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2011

	General	Education Jobs Grant	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,234,478	\$0	\$657,729	\$1,892,207
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	88,726	0	0	88,726
Receivables:				
Accounts	8,278	0	0	8,278
Property Taxes	1,331,692	0	177,140	1,508,832
Intergovernmental	0	350,895	218,323	569,218
Interfund	83,516	0	0	83,516
Prepaid Items	4,679	0	463	5,142
Materials and Supplies Inventory	16,266	0	710	16,976
Inventory Held for Resale	0	0	11,884	11,884
<i>Total Assets</i>	<u>\$2,767,635</u>	<u>\$350,895</u>	<u>\$1,066,249</u>	<u>\$4,184,779</u>
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$49,948	\$0	\$3,530	\$53,478
Contracts Payable	0	0	50,839	50,839
Accrued Wages and Benefits Payable	596,289	0	141,382	737,671
Intergovernmental Payable	158,295	0	31,832	190,127
Interfund Payable	0	0	83,516	83,516
Retainage Payable	5,200	0	7,173	12,373
Deferred Revenue	1,208,469	350,895	192,128	1,751,492
<i>Total Liabilities</i>	<u>2,018,201</u>	<u>350,895</u>	<u>510,400</u>	<u>2,879,496</u>
<u>Fund Balances:</u>				
Nonspendable	23,973	0	13,057	37,030
Restricted	85,698	0	610,533	696,231
Assigned	121,366	0	5,598	126,964
Unassigned (Deficit)	518,397	0	(73,339)	445,058
<i>Total Fund Balances</i>	<u>749,434</u>	<u>0</u>	<u>555,849</u>	<u>1,305,283</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,767,635</u>	<u>\$350,895</u>	<u>\$1,066,249</u>	<u>\$4,184,779</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, 2011

Total Governmental Fund Balances \$1,305,283

*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	
Construction in progress	89,660	
Other capital assets	26,738,854	
Accumulated depreciation	<u>(10,101,965)</u>	
Total capital assets		16,995,679

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	287,758	
Intergovernmental	<u>380,667</u>	
		668,425

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	(1,010,000)	
Accrued interest on bonds	(10,402)	
Compensated absences	<u>(733,692)</u>	
Total liabilities		<u>(1,754,094)</u>

Net Assets of Governmental Activities \$17,215,293

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, 2011

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$1,053,805	\$131,522	\$1,185,327
Intergovernmental	6,062,809	2,001,988	8,064,797
Interest	10,458	965	11,423
Tuition and Fees	868,928	0	868,928
Extracurricular Activities	4,942	35,547	40,489
Rent	200	0	200
Charges for Sales and Services	0	157,157	157,157
Contributions and Donations	19,523	20	19,543
Miscellaneous	200,236	11,772	212,008
<i>Total Revenues</i>	<u>8,220,901</u>	<u>2,338,971</u>	<u>10,559,872</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,242,012	166,360	4,408,372
Special	626,793	657,146	1,283,939
Vocational	10,906	0	10,906
Student Intervention Services	126,419	52,770	179,189
Support Services:			
Pupils	244,246	54,089	298,335
Instructional Staff	250,756	179,174	429,930
Board of Education	34,226	0	34,226
Administration	744,280	49,394	793,674
Fiscal	170,893	3,850	174,743
Business	22,492	0	22,492
Operation and Maintenance of Plant	522,513	414,090	936,603
Pupil Transportation	734,279	64,721	799,000
Central	4,166	5,323	9,489
Operation of Non-Instructional Services:			
Food Service Operations	10,048	512,193	522,241
Other	118	0	118
Extracurricular Activities	122,729	37,872	160,601
Capital Outlay	493,801	165,697	659,498
Intergovernmental	37,500	0	37,500
Debt Service:			
Principal Retirement	0	40,000	40,000
Interest and Fiscal Charges	12,100	29,170	41,270
<i>Total Expenditures</i>	<u>8,410,277</u>	<u>2,431,849</u>	<u>10,842,126</u>
Excess of Revenues Under Expenditures	<u>(189,376)</u>	<u>(92,878)</u>	<u>(282,254)</u>
<u>Other Financing Sources (Uses):</u>			
Energy Conservation Bonds Issued	500,000	0	500,000
Transfers In	0	323	323
Transfers Out	(323)	0	(323)
<i>Total Other Financing Sources (Uses)</i>	<u>499,677</u>	<u>323</u>	<u>500,000</u>
<i>Net Change in Fund Balances</i>	310,301	(92,555)	217,746
<i>Fund Balances at Beginning of Year - Restated (See Note 19)</i>	<u>439,133</u>	<u>648,404</u>	<u>1,087,537</u>
<i>Fund Balances at End of Year</i>	<u>\$749,434</u>	<u>\$555,849</u>	<u>\$1,305,283</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, 2011

Net Change in Fund Balances - Total Governmental Funds \$217,746

***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	638,103	
Construction in progress additions	89,660	
Depreciation expense	(700,968)	
Excess of capital outlay over depreciation expense		26,795

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.

Loss on disposal of capital assets		(4,088)
------------------------------------	--	---------

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	46,205	
Intergovernmental	354,706	
		400,911

Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.

Proceeds of bonds		(500,000)
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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		40,000
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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:

Increase in accrued interest payable		(7,875)
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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	45,233	
Increase in compensated absences payable	(54,181)	
Total (increase)/decrease		(8,948)

Change in Net Assets of Governmental Activities \$164,541

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, 2011

	<u>Budget Amounts</u>			Variance With Final Budget Over/(Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Property Taxes	\$1,223,594	\$1,068,617	\$1,068,617	\$0
Intergovernmental	5,645,380	6,025,309	6,025,309	0
Interest	9,799	10,458	10,458	0
Tuition and Fees	830,698	869,532	869,532	0
Extracurricular Activities	4,630	4,942	4,942	0
Rent	187	200	200	0
Contributions and Donations	18,292	19,523	19,523	0
Miscellaneous	182,455	194,734	194,734	0
<i>Total Revenues</i>	<u>7,915,035</u>	<u>8,193,315</u>	<u>8,193,315</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,234,607	4,213,236	4,213,236	0
Special	604,691	635,557	635,557	0
Vocational	7,500	10,906	10,906	0
Student Intervention Services	10,251	128,585	128,585	0
Support Services:				
Pupils	264,916	255,401	255,401	0
Instructional Staff	387,399	255,969	255,969	0
Board of Education	40,520	33,721	33,721	0
Administration	804,898	747,902	747,902	0
Fiscal	176,193	169,510	169,510	0
Business	22,958	23,714	23,714	0
Operation and Maintenance of Plant	635,715	618,399	618,399	0
Pupil Transportation	740,914	779,422	779,422	0
Central	4,214	4,166	4,166	0
Operation of Non-Instructional Services:				
Food Service Operations	2,746	10,013	10,013	0
Other	0	118	118	0
Extracurricular Activities	129,672	128,143	128,143	0
Capital Outlay	504,500	493,801	493,801	0
Debt Service:				
Interest and Fiscal Charges	0	12,100	12,100	0
<i>Total Expenditures</i>	<u>8,571,694</u>	<u>8,520,663</u>	<u>8,520,663</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(656,659)</u>	<u>(327,348)</u>	<u>(327,348)</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>				
Energy Conservation Bonds Issued	500,000	500,000	500,000	0
Transfers Out	12,000	(323)	(323)	0
Advances Out	0	(83,516)	(83,516)	0
<i>Total Other Financing Sources (Uses)</i>	<u>512,000</u>	<u>416,161</u>	<u>416,161</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(144,659)	88,813	88,813	0
<i>Fund Balance at Beginning of Year, Restated (See Note 19)</i>	987,909	987,909	987,909	0
<i>Prior Year Encumbrances Appropriated</i>	<u>78,741</u>	<u>78,741</u>	<u>78,741</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$921,991</u>	<u>\$1,155,463</u>	<u>\$1,155,463</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, 2011

Assets:

Equity in Pooled Cash and Cash Equivalents \$16,691

Liabilities:

Undistributed Monies \$16,691

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, 2011

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 40 non-certificated employees, 69 certificated full-time teaching personnel and six administrative employees who provide services to 933 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 16 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, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

(continued)

Insurance Purchasing Pool:

Ohio SchoolComp 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, 2011

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 are the School District's major governmental funds:

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.

Education Jobs Grant Special Revenue Fund – This fund is used to provide compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary or secondary educational and related services. No budgetary statement is presented for this fund due to no activity.

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, 2011

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, 2011

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 7). 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 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, 2011, but which were levied to finance fiscal year 2012 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, 2011

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.

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 all funds.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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 2011 amounted to \$10,458, which includes \$3,737 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, 2011.

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, 2011, 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.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the Statement of Net Assets.

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.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

<u>Description</u>	<u>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

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.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, bus purchases, and unclaimed monies held to be reclaimed by the rightful owner. See Note 17 for additional information regarding set-asides.

Fund Balance

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

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

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 - FUND BALANCES

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

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 3 - FUND BALANCES (continued)

<u>Fund Balances</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Nonspendable</i>			
Prepays	\$4,679	\$463	\$5,142
Inventory	16,266	710	16,976
Inventory Held for Resale	0	11,884	11,884
Unclaimed Monies	3,028	0	3,028
<i>Total Nonspendable</i>	<u>23,973</u>	<u>13,057</u>	<u>37,030</u>
<i>Restricted for</i>			
Set Asides	72,335	0	72,335
Bus Purchases	13,363	0	13,363
Debt Payment	0	257,376	257,376
Permanent Improvements	0	78,496	78,496
Athletics	0	64,185	64,185
Race to the Top	0	11,072	11,072
Misc. Federal Grants	0	1,750	1,750
Capital Improvements	0	77,782	77,782
Classroom Facilities	0	119,872	119,872
<i>Total Restricted</i>	<u>85,698</u>	<u>610,533</u>	<u>696,231</u>
<i>Assigned to</i>			
Encumbrances	114,895	0	114,895
Other Purposes	6,471	5,598	12,069
<i>Total Assigned</i>	<u>121,366</u>	<u>5,598</u>	<u>126,964</u>
<i>Unassigned (Deficit)</i>	<u>518,397</u>	<u>(73,339)</u>	<u>445,058</u>
<i>Total Fund Balances</i>	<u>\$749,434</u>	<u>\$555,849</u>	<u>\$1,305,283</u>

NOTE 4 - ACCOUNTABILITY

The Food Service, Early Childhood Education, IDEA-B, Title I, and Title II-A Special Revenue Funds had deficit fund balances of \$40,368, \$2,886, \$9,366, \$7,605, and \$246, respectively, as of June 30, 2011. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 - 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.

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 restricted, committed, or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (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	\$310,301
Adjustments:	
Revenue Accruals	(27,586)
Expenditure Accruals	57,355
Encumbrances	(167,741)
Advances	(83,516)
Budget Basis	<u><u>\$88,813</u></u>

NOTE 6 - 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.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

Interim monies 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. The School District maintains a cash pool which is used by all funds.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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.

The School District had no investments at June 30, 2011.

Deposits

The School District has no deposit policy for custodial risk is beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

As of June 30, 2011, the School District's bank balance of \$2,163,625 is either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

NOTE 7 - 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 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, 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 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010, and are collected in calendar year 2011 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.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 7 - PROPERTY TAXES (continued)

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, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011, 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, 2011, was \$123,223 in the General Fund and \$14,784 in Other Governmental Funds. 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 assessed values upon which fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$44,385,220	76.11%	\$48,625,140	77.66%
Public Utility Personal	13,878,050	23.80%	13,989,450	22.34%
General Business Personal	51,100	0.09%	0	0.00%
Total Assessed Value	<u>\$58,314,370</u>	<u>100.00%</u>	<u>\$62,614,590</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$23.30		\$22.80	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011, consisted of accounts, property taxes, intergovernmental grants, and interfund. 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.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 8 – RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Education Jobs Grant	\$350,895
Title I	2,269
Title I ARRA	42,019
Title IDEA-B, Rural and Low Income	28,949
Title II-A	11,596
Ohio Appalachian Collaborative Race to the Top	43,978
Race to the Top	30,436
Teacher Incentive Fund Grant	52,326
Early Childhood Education	6,750
Total Intergovernmental Receivables	<u><u>\$569,218</u></u>

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at 6/30/10	Additions	Deductions	Balance at 6/30/11
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$269,130	\$0	\$0	\$269,130
Construction in Progress	0	89,660	0	89,660
Total Capital Assets Not Being Depreciated	269,130	89,660	0	358,790
Capital Assets Being Depreciated:				
Land Improvements	749,567	2,900	0	752,467
Buildings and Improvements	22,706,733	558,037	(3,133)	23,261,637
Furniture, Fixtures and Equipment	1,571,245	37,766	(1,597)	1,607,414
Vehicles	973,639	39,400	0	1,013,039
Textbooks	104,297	0	0	104,297
Total Capital Assets Being Depreciated	26,105,481	638,103	(4,730)	26,738,854
Less Accumulated Depreciation:				
Land Improvements	(174,553)	(30,770)	0	(205,323)
Buildings and Improvements	(7,188,466)	(575,532)	509	(7,763,489)
Furniture, Fixtures and Equipment	(1,183,878)	(75,937)	133	(1,259,682)
Vehicles	(755,296)	(18,044)	0	(773,340)
Textbooks	(99,446)	(685)	0	(100,131)
Total Accumulated Depreciation	(9,401,639)	(700,968) *	642	(10,101,965)
Total Capital Assets Being Depreciated, Net	16,703,842	(62,865)	(4,088)	16,636,889
Governmental Activities Capital Assets, Net	\$16,972,972	\$26,795	(\$4,088)	\$16,995,679

During the fiscal year, the School District spent the proceeds from the issuance of the School Energy Conservation Bonds to pay for the project. There was construction in progress at fiscal year-end; however, the School District paid for a portion of the project with other monies. Most of the project was capitalized at fiscal year-end since the project involved separate units of equipment or facility upgrades that could be capitalized individually.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 - CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$259,888
Special	76,179
Support Services:	
Pupils	23,856
Instructional Staff	55,673
Administration	43,637
Fiscal	12,086
Business	6,014
Operation and Maintenance of Plant	50,446
Pupil Transportation	89,976
Operation of Non-Instructional Services:	
Food Service Operations	64,751
Extracurricular Activities	18,462
Total Depreciation Expense	<u><u>\$700,968</u></u>

NOTE 10 - 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 2011, 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 16), 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, 2011

NOTE 10 - RISK MANAGEMENT (continued)

Workers' Compensation

For fiscal year 2011, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$114,742, \$164,422, and \$106,736, respectively. For fiscal year 2011, 48.24 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 11 - 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 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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

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 – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$497,162, \$501,300, and \$548,182, respectively. For fiscal year 2011, 86.49 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 were \$194 made by the School District and \$139 made by the plan members. In addition, member contributions of \$5,430 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

NOTE 12 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 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 105(e). For 2011, 1.43 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 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$17,192 in surcharge.

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, 2011, 2010, and 2009 were \$31,085, \$23,110, and \$67,070, respectively. For fiscal year 2011, 48.24 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2011, 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, 2011, 2010, and 2009 were \$7,384, \$9,778, and \$8,807, respectively. For fiscal year 2011, 48.24 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$38,243, \$38,562, and \$42,168, respectively. For fiscal year 2011 86.49 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

NOTE 13 - 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.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 13 - EMPLOYEE BENEFITS (continued)

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 American United Life Insurance Co.

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 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Amount Outstanding 6/30/10	Additions	Deductions	Amount Outstanding 6/30/11	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
1998 School Improvement Bonds - 6.25%	\$550,000	\$0	\$40,000	\$510,000	\$40,000
2010 School Energy Conservation Bonds - 4.84%	0	500,000	0	500,000	50,000
Compensated Absences (Restated, See Note 19)	679,511	144,817	90,636	733,692	87,842
Total Governmental Activities Long-Term Obligations	<u>\$1,229,511</u>	<u>\$644,817</u>	<u>\$130,636</u>	<u>\$1,743,692</u>	<u>\$177,842</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.

School Energy Conservation Bonds - On September 1, 2010, the School District issued \$500,000 in School Energy Conservation Bonds through the HB264 School Energy Conservation Financing Program administered by the Ohio Schools Facilities Commission. The proceeds will be used to make energy saving improvements to the School. The Bonds were issued for a ten-year period with final maturity at September 1, 2020. The interest on the bonds is refunded to the School District. The bonds will be retired from the Debt Service Fund.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

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.

x overall legal debt margin was \$5,382,689 with an unvoted debt margin of \$62,615, and an Energy Conservation debt margin of \$63,531 at June 30, 2011.

Principal and interest requirements to retire the general obligation debt at June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$90,000	\$49,870	\$139,870
2013	90,000	45,170	135,170
2014	95,000	40,328	135,328
2015	95,000	35,343	130,343
2016	100,000	30,178	130,178
2017-2021	540,000	69,931	609,931
Total	<u>\$1,010,000</u>	<u>\$270,820</u>	<u>\$1,280,820</u>

NOTE 15 - INTERFUND ACTIVITY

Advances

Interfund balances at June 30, 2011, consist of the following individual interfund receivable and payable:

		Receivable
		<u>General Fund</u>
Payable	Other Governmental Funds	<u>\$83,516</u>

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 15 - INTERFUND ACTIVITY (continued)

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2011, were as follows:

		<u>Transfers From</u>
		General
Transfers To	Other	
	Governmental Funds	<u>\$323</u>

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

NOTE 16 - 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 \$16,128 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.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL (continued)

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 \$325 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.

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.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL (continued)

Insurance Purchasing Pool

Ohio SchoolComp Workers' Compensation Group Rating Plan

The School District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the Group Rating Plan. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

NOTE 17 - 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 Balance as of June 30, 2010	\$79,651	\$55,826
Current Fiscal Year Set-aside Requirement	148,016	148,016
Current Fiscal Year Offsets	0	(125,358)
Qualifying Disbursements	(155,332)	(517,105)
Totals	\$72,335	(\$438,621)
Set-aside Balance as of June 30, 2011	\$72,335	\$0

The School District had offsets and qualifying expenditures during the fiscal year that reduced the set-aside amount below zero for capital acquisitions. However, this amount may not be used to reduce the set-aside requirement of future years.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 18 - CONSTRUCTION COMMITMENTS

The School District contracted for energy savings renovations to its facilities. The outstanding construction commitment at June 30, 2011, is:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At June 30, 2011</u>
Vista Consulting Group, LLC	<u>\$663,399</u>	<u>\$642,917</u>	<u>\$20,482</u>

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the following change to fund balances at June 30, 2010, as previously reported:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2010, as Previously Reported	\$426,629	\$660,908
Restatement of Fund Balance	12,504	(12,504)
Fund Balance, June 30, 2010, as Restated	<u>\$439,133</u>	<u>\$648,404</u>

	<u>Governmental Activities</u>
Net Assets, June 30, 2010, as Previously Reported	\$17,217,246
Restatement of Net Assets	(166,494)
Net Assets, June 30, 2010, as Restated	<u>\$17,050,752</u>

Compensated Absences were restated due to a significant change in the percentage of sick leave severance payments of the total accumulated sick leave, which is used to estimate future severance payments.

In addition, the fund balance at the beginning of the year – Budget and Actual (Budget Basis) for the General Fund increased by \$10,201.

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 20 - 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, 2011.

Litigation

The School District is not party to any legal proceedings.

Bloom-Vernon Local School District
Scioto County

Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	\$ 88,945	\$ -	\$ 88,945	
National School Lunch Program	3L60	10.555	175,523	50,869	175,523	50,869
Total - Nutrition Cluster			264,468	50,869	264,468	50,869
Total United States Department of Agriculture			264,468	50,869	264,468	50,869
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	211,909	-	210,538	-
ARRA - Special Education Grants to States	3DJ0	84.391	120,133	-	121,216	-
Total Special Education Cluster			332,042	-	331,754	-
<i>Title I, Part A Cluster:</i>						
Title I Grants to Local Educational Agencies	3M00	84.010	339,129	-	342,593	-
ARRA - Title I Grants to Local Educational Agencies	3DK0	84.389	83,160	-	83,113	-
Total Title I, Part A Cluster			422,289	-	425,706	-
ARRA - State Fiscal Stabilization Funds (SFSF) -Race-to-the-Top Incentive Grants	3FD0	84.395	12,346	-	57,193	-
Even Start - State Educational Agencies	EVS5	84.213	-	-	695	-
ARRA - Teacher Incentive Fund	3EC0	84.385	6,224	-	40,116	-
Rural Education	3Y80	84.358	22,798	-	23,265	-
Educational Technology State Grants	3S20	84.318	1,116	-	1,116	-
Improving Teacher Quality State Grants	3Y60	84.367	87,159	-	86,817	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	GRF	84.394	492,701	-	492,701	-
			622,344	-	701,903	-
Total United States Department of Education			1,376,675	-	1,459,363	-
Total Federal Financial Assistance			\$ 1,641,143	\$ 50,869	\$ 1,723,831	\$ 50,869

See Notes to the Schedule of Federal Awards Receipts and Expenditures.

**BLOOM-VERNON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTIONS

Program regulations do not require the District to maintain separate inventory records from 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.



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloom-Vernon Local School District, Scioto County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 12, 2012 wherein we noted that the District implemented GASB Statements No. 54. 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*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the 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 District's internal controls over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

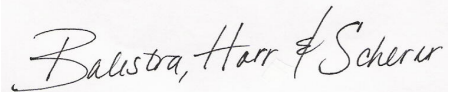
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the 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 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*

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies, pass-through entities, and others within the District. 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.
January 12, 2012



Balestra, Harr & Scherer, CPAs, Inc.

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Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Compliance

We have audited the compliance of Bloom-Vernon Local School District, Scioto County, Ohio (the 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 each of Bloom-Vernon Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The 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 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 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 on the District's compliance with those requirements.

In our opinion, 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, 2011.

Internal Control Over Compliance

The 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 District's internal control over compliance with requirements that could directly and materially affect a major federal program, 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 District's internal control over compliance.

Members of the Board of Education
Bloom-Vernon Local School District
Report on Compliance with Requirements Applicable to each Major Federal Program and on
Internal Control Over Compliance Required by OMB Circular A-133
Page 2

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 management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
January 12, 2012

**Bloom-Vernon Local School District
Scioto County, Ohio**

**Schedule of Findings
OMB Circular A-133 Section §.505
June 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies 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 §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Special Education Grants to States; CFDA# 84.027 Special Education Grants to States – ARRA; CFDA# 84.391 State Fiscal Stabilization Fund (SFSF) – Education State Grants – ARRA; CFDA#84.394 Title I Cluster: Title I Grants to Local Educational Agencies; CFDA# 84.010 Title I Grants to Local Educational Agencies – ARRA; CFDA# 84.389
(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, Ohio**

**Schedule of Findings
OMB Circular A-133 Section §.505
June 30, 2011**

**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



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Independent Auditor's Report on Applying Agreed Upon Procedures

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Bloom-Vernon Local School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on March 15, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs, Inc.

January 12, 2012



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
APRIL 10, 2012**