



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, 2012
Fiscal Year Audited Under GAGAS: 2012



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, 2011 through June 30, 2012. 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

April 5, 2013

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

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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

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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, the 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, 2012, 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, the major fund, and the aggregate remaining fund information of Bloom-Vernon Local School District, Scioto County, Ohio, as of June 30, 2012, 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 February 15, 2013 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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.

February 15, 2013

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

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, 2012. 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 2012 are as follows:

Net Assets of governmental activities decreased \$362,593.

Total assets of governmental activities decreased \$481,912. The majority of this decrease was due to a decrease in capital assets in the amount of \$570,713, and a decrease in intergovernmental receivables in the amount of \$158,535. These decreases were offset by an increase in cash and cash equivalents in the amount of \$133,850, an increase in property taxes receivable in the amount of \$83,550, and an increase in accounts receivable in the amount of \$20,188.

General revenues accounted for \$7,337,689. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$2,968,773 of total revenues in the amount of \$10,306,462.

The School District had \$10,669,055 in expenses related to governmental activities; only \$2,968,773, 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 \$7,337,689 were not adequate to provide for these programs.

The School District's only major fund is the General Fund. The General Fund had \$8,548,154 in revenues, \$8,181,371 in expenditures, and (\$52,591) in other financing sources (uses). The General Fund's balance increased \$314,192.

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

major funds with all other nonmajor funds presented in total in one column. The General Fund was the only major fund for the Bloom Vernon Local School District.

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 2012?” 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 eight. 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.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

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.

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 2012 and 2011:

(Table 1)
Net Assets

	<u>Governmental Activities</u>		Increase
	<u>2012</u>	<u>2011</u>	<u>(Decrease)</u>
Assets			
Current and			
Current Assets	\$4,190,064	\$4,101,263	\$88,801
Capital Assets, Net	16,424,966	16,995,679	(570,713)
Total Assets	<u>20,615,030</u>	<u>21,096,942</u>	<u>(481,912)</u>
Liabilities			
Other Liabilities	2,111,289	2,137,957	(26,668)
Long-Term Liabilities	1,651,041	1,743,692	(92,651)
Total Liabilities	<u>3,762,330</u>	<u>3,881,649</u>	<u>(119,319)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	15,503,718	15,922,467	(418,749)
Restricted	721,511	1,147,348	(425,837)
Unrestricted	627,471	145,478	481,993
Total Net Assets	<u>\$16,852,700</u>	<u>\$17,215,293</u>	<u>(\$362,593)</u>

Total assets decreased \$481,912. The majority of this decrease was due to a decrease in intergovernmental receivable in the amount of \$158,535 and a decrease in capital assets in the amount of \$570,713. These decreases were offset by an increase in cash and cash equivalents in the amount of \$133,850, an increase in property taxes receivable in the amount of \$83,550, and an increase of \$20,188 in accounts receivable. The decrease in intergovernmental receivable was due to the School District receiving less grant monies during fiscal year 2012 compared to fiscal year 2011. The decrease in capital assets was due to current year depreciation exceeding additions. The increase in cash and cash equivalents was primarily due to the School District monitoring the cash flow more closely. The increase in property taxes receivable was due to an increase in the amounts certified to be collected by the County Auditor.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

Total liabilities decreased \$119,319. Long-term liabilities decreased \$92,651 primarily due to the payment of \$40,000 on the 1998 School Improvement General Obligation Bonds and a payment of \$50,000 on the 2010 School Energy Conservation General Obligation Bonds.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2012 and 2011. 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.

(Table 2)
Change in Net Assets

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2012</u>	<u>2011</u>	<u>(Decrease)</u>
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,168,685	\$1,066,774	\$101,911
Operating Grants, Contributions and Interest	1,800,088	2,322,648	(522,560)
Capital Grants and Contributions	0	0	0
Total Program Revenues	<u>2,968,773</u>	<u>3,389,422</u>	<u>(420,649)</u>
General Revenues:			
Property Taxes	1,275,783	1,231,532	44,251
Grants and Entitlements not Restricted to Specific Programs	5,831,633	6,114,295	(282,662)
Gain on Sale of Capital Assets	0	0	0
Contributions and Donations	0	2,500	(2,500)
Interest	5,736	11,026	(5,290)
Miscellaneous	224,537	212,008	12,529
Total General Revenues	<u>7,337,689</u>	<u>7,571,361</u>	<u>(233,672)</u>
Total Revenues	<u>\$10,306,462</u>	<u>\$10,960,783</u>	<u>(\$654,321)</u>

(continued)

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

(Table 2)

Change in Net Assets (continued)

	Governmental Activities		Increase
	2012	2011	(Decrease)
Program Expenses			
Instruction:			
Regular	\$4,774,068	\$4,675,632	\$98,436
Intergovernmental	0	37,500	(37,500)
Special	1,183,098	1,352,025	(168,927)
Vocational	8,695	10,906	(2,211)
Student Intervention Services	184,777	180,646	4,131
Support Services:			
Pupils	355,262	311,309	43,953
Instructional Staff	503,055	462,206	40,849
Board of Education	25,604	34,226	(8,622)
Administration	829,853	847,577	(17,724)
Fiscal	193,822	190,424	3,398
Business	25,588	28,506	(2,918)
Operation and Maintenance of Plant	903,938	991,143	(87,205)
Pupil Transportation	851,089	870,129	(19,040)
Central	9,661	9,489	172
Operation of Non-Instructional Services:			
Food Service Operations	581,827	566,198	15,629
Other	134	118	16
Extracurricular Activities	194,703	179,063	15,640
Interest and Fiscal Charges	43,881	49,145	(5,264)
Total Expenses	<u>10,669,055</u>	<u>10,796,242</u>	<u>(127,187)</u>
Change in Net Assets	(362,593)	164,541	(527,134)
Net Assets at Beginning of Year	17,215,293	17,050,752	164,541
Net Assets at End of Year	<u>\$16,852,700</u>	<u>\$17,215,293</u>	<u>(\$362,593)</u>

Governmental Activities

Net assets decreased by \$362,593 in fiscal year 2012. Revenues reflect a decrease in the amount of \$654,321 from fiscal year 2011 to fiscal year 2012. This decrease was due to decreases in operating grants, contributions and interest in the amount of \$522,560 and a decrease in grants and entitlements in the amount of \$282,662. Program revenue operating grants, contributions and interest decreased from the prior year due to an overall decrease in federal funding, including the elimination of American Recovery and Reinvestment Act grants. The decrease in grant and entitlements was due primary to the decrease in Education Stabilization Funding which was eliminated in fiscal year 2012.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

Instruction comprises approximately 58 percent of governmental program expenses and support services make up approximately 35 percent of the program expense of the School District. Overall, program expenses of the School District decreased \$127,187. The decrease is primarily due to the elimination of federal programs, and the School District's continued attempts to monitor spending, resulting in an overall decrease in instructional and support services expenses.

The DeRolph III decision has not eliminated the dependence on property taxes. Property taxes made up approximately 12 percent of revenues for governmental activities for the School District in fiscal year 2012.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

(Table 3) - Governmental Activities

	2012 Total Cost of Services	2012 Net Cost of Services	2011 Total Cost of Services	2011 Net Cost of Services
Instruction:				
Regular	\$4,774,068	\$3,552,810	\$4,675,632	\$3,276,682
Intergovernmental	0	0	37,500	0
Special	1,183,098	210,064	1,352,025	272,586
Vocational	8,695	(5,586)	10,906	(7,666)
Student Intervention Services	184,777	170,687	180,646	114,148
Support Services:				
Pupil	355,262	288,692	311,309	245,014
Instructional Staff	503,055	400,125	462,206	352,074
Board of Education	25,604	25,604	34,226	34,226
Administration	829,853	829,853	847,577	847,577
Fiscal	193,822	191,889	190,424	190,424
Business	25,588	25,588	28,506	28,506
Operation and Maintenance				
of Plant	903,938	903,938	991,143	991,143
Pupil Transportation	851,089	793,853	870,129	794,805
Central	9,661	9,661	9,489	4,489
Operation of				
Non-Instructional Services:				
Food Service Operations	581,827	101,091	566,198	87,056
Other	134	134	118	118
Extracurricular Activities	194,703	157,998	179,063	126,493
Interest and Fiscal Charges	43,881	43,881	49,145	49,145
Totals	\$10,669,055	\$7,700,282	\$10,796,242	\$7,406,820

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

Table 3 clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2012, only 28 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants and contributions. The remaining 72 percent is provided through taxes and entitlements.

The School District's Major Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,587,741, expenditures of \$10,222,935 and other financing sources (uses) of \$15,671.

General Fund

The fund balance of the General Fund increased in the amount of \$314,192. Fiscal year 2012 General Fund expenditures decreased in the amount of \$228,906 from fiscal year 2011. The School District has remained financially cautious due to the current economic situation in school funding in Ohio.

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 2012, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. The General Fund had original revenue budget estimates of \$8,467,591. The original budget estimates were increased to a final budget amount of \$8,585,457 for the fiscal year.

Original appropriations plus prior year encumbrances were \$8,444,949. The appropriations were increased to the final budget of \$8,648,465. Actual expenditures were under the original appropriations due to the School District monitoring their spending during fiscal year 2012; however, transfers out and advances out were higher than the original budget had estimated.

The School District's ending General Fund balance was \$1,260,197.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the School District had \$16,424,966 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and textbooks. Table 4 shows fiscal year 2012 balances compared to 2011.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

(Table 4)

Capital Assets, Net of Depreciation

	Governmental Activities	
	2012	2011
Land	\$269,130	\$269,130
Construction in Progress	0	89,660
Land Improvements	516,314	547,144
Buildings and Improvements	15,035,099	15,498,148
Furniture, Fixtures and Equipment	343,853	347,732
Vehicles	257,089	239,699
Textbooks	3,481	4,166
Totals	<u>\$16,424,966</u>	<u>\$16,995,679</u>

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

Debt

At June 30, 2012, the School District had \$920,000 in bonds outstanding.

(Table 5)

Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2012	2011
1998 School Improvement Bonds	\$230,000	\$510,000
2010 School Energy Conservation Bonds	450,000	500,000
2012 Refunding Bonds	240,000	0
Totals	<u>\$920,000</u>	<u>\$1,010,000</u>

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, 2012

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$2,114,783
Materials and Supplies Inventory	9,381
Inventory Held for Resale	11,530
Accounts Receivable	28,466
Intergovernmental Receivable	410,683
Prepaid Items	7,565
Property Taxes Receivable	1,592,382
Deferred Charges	15,274
Capital Assets:	
Land and Construction in Progress	269,130
Depreciable Capital Assets, Net	<u>16,155,836</u>
<i>Total Assets</i>	<u>20,615,030</u>
<u>Liabilities:</u>	
Accounts Payable	92,837
Accrued Wages and Benefits Payable	686,705
Intergovernmental Payable	209,561
Accrued Interest Payable	9,405
Deferred Revenue	1,112,781
Long-Term Liabilities:	
Due Within One Year	189,189
Due in More Than One Year	<u>1,461,852</u>
<i>Total Liabilities</i>	<u>3,762,330</u>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	15,503,718
Restricted for Debt Service	264,506
Restricted for Capital Projects	275,535
Restricted for Other Purposes	172,752
Restricted for Set-Asides	8,718
Unrestricted	<u>627,471</u>
<i>Total Net Assets</i>	<u><u>\$16,852,700</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, 2012

	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	\$4,774,068	\$972,781	\$248,477	(\$3,552,810)
Special	1,183,098	0	973,034	(210,064)
Vocational	8,695	0	14,281	5,586
Student Intervention Services	184,777	0	14,090	(170,687)
Support Services:				
Pupils	355,262	10,201	56,369	(288,692)
Instructional Staff	503,055	0	102,930	(400,125)
Board of Education	25,604	0	0	(25,604)
Administration	829,853	0	0	(829,853)
Fiscal	193,822	0	1,933	(191,889)
Business	25,588	0	0	(25,588)
Operation and Maintenance of Plant	903,938	0	0	(903,938)
Pupil Transportation	851,089	0	57,236	(793,853)
Central	9,661	0	0	(9,661)
Operation of Non-Instructional Services:				
Food Service Operations	581,827	148,998	331,738	(101,091)
Other	134	0	0	(134)
Extracurricular Activities	194,703	36,705	0	(157,998)
Interest and Fiscal Charges	43,881	0	0	(43,881)
Total Governmental Activities	\$10,669,055	\$1,168,685	\$1,800,088	(7,700,282)
<u>General Revenues:</u>				
Property Taxes Levied for:				
General Purposes				1,140,728
Debt Service				56,690
Capital Outlay				56,690
Facility Maintenance				21,675
Grants and Entitlements not Restricted to Specific Programs				5,831,633
Interest				5,736
Miscellaneous				224,537
Total General Revenues				7,337,689
Change in Net Assets				(362,593)
Net Assets at Beginning of Year				17,215,293
Net Assets at End of Year				\$16,852,700

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$1,455,046	\$640,551	\$2,095,597
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	19,186	0	19,186
Receivables:			
Accounts	28,350	116	28,466
Property Taxes	1,424,308	168,074	1,592,382
Intergovernmental	38,164	372,519	410,683
Interfund	168,450	0	168,450
Prepaid Items	7,360	205	7,565
Materials and Supplies Inventory	8,672	709	9,381
Inventory Held for Resale	0	11,530	11,530
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	\$3,149,536	\$1,193,704	\$4,343,240
	<hr/>	<hr/>	<hr/>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$82,660	\$10,177	\$92,837
Accrued Wages and Benefits Payable	519,968	166,737	686,705
Intergovernmental Payable	178,724	30,837	209,561
Interfund Payable	0	168,450	168,450
Deferred Revenue	1,304,558	195,369	1,499,927
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	2,085,910	571,570	2,657,480
	<hr/>	<hr/>	<hr/>
<u>Fund Balances:</u>			
Nonspendable	19,060	914	19,974
Restricted	16,158	659,618	675,776
Assigned	140,752	4,519	145,271
Unassigned (Deficit)	887,656	(42,917)	844,739
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	1,063,626	622,134	1,685,760
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	\$3,149,536	\$1,193,704	\$4,343,240
	<hr/>	<hr/>	<hr/>

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, 2012

Total Governmental Fund Balances \$1,685,760

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

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

Land	269,130	
Other Capital Assets	26,946,214	
Accumulated Depreciation	(10,790,378)	
Total Capital Assets	16,424,966	16,424,966

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	322,611	
Intergovernmental	44,042	
Accounts	20,493	
	387,146	387,146

Unamortized issuance costs are reported as deferred charges on the Statement of Net assets but as an expenditure on the fund financial statements. 15,274

Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. (9,405)

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	(920,000)	
Capital Appreciation Bond Interest Accretion	(1,176)	
Bond Premium	(20,106)	
Deferred Amount on Refunding	4,760	
Compensated absences	(714,519)	
Total liabilities	(1,651,041)	(1,651,041)

Net Assets of Governmental Activities \$16,852,700

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, 2012

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$1,109,475	\$131,455	\$1,240,930
Intergovernmental	6,255,593	1,709,521	7,965,114
Interest	5,474	470	5,944
Tuition and Fees	972,781	0	972,781
Extracurricular Activities	10,201	36,705	46,906
Charges for Sales and Services	0	148,998	148,998
Contributions and Donations	3,024	0	3,024
Miscellaneous	191,606	12,438	204,044
<i>Total Revenues</i>	<u>8,548,154</u>	<u>2,039,587</u>	<u>10,587,741</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,990,032	522,297	4,512,329
Special	619,231	503,488	1,122,719
Vocational	8,695	0	8,695
Student Intervention Services	168,992	13,216	182,208
Support Services:			
Pupils	277,293	52,339	329,632
Instructional Staff	392,346	98,017	490,363
Board of Education	25,604	0	25,604
Administration	724,759	59,168	783,927
Fiscal	172,096	5,608	177,704
Business	19,666	0	19,666
Operation and Maintenance of Plant	827,433	62,194	889,627
Pupil Transportation	741,838	56,016	797,854
Central	9,661	0	9,661
Operation of Non-Instructional Services:			
Food Service Operations	0	526,060	526,060
Other	134	0	134
Extracurricular Activities	130,199	45,107	175,306
Capital Outlay	402	21,743	22,145
Debt Service:			
Principal Retirement	50,000	40,000	90,000
Interest and Fiscal Charges	22,990	20,640	43,630
Issuance Costs	0	15,671	15,671
<i>Total Expenditures</i>	<u>8,181,371</u>	<u>2,041,564</u>	<u>10,222,935</u>
Excess of Revenues Over (Under) Expenditures	<u>366,783</u>	<u>(1,977)</u>	<u>364,806</u>
<u>Other Financing Sources (Uses):</u>			
Refunding Bonds Issued	0	240,000	240,000
Premium on Refunding Bonds	0	20,628	20,628
Transfers In	0	52,591	52,591
Transfers Out	(52,591)	0	(52,591)
Payment to Refunded Bond Escrow Agent	0	(244,957)	(244,957)
<i>Total Other Financing Sources (Uses)</i>	<u>(52,591)</u>	<u>68,262</u>	<u>15,671</u>
<i>Net Change in Fund Balances</i>	314,192	66,285	380,477
<i>Fund Balances at Beginning of Year</i>	<u>749,434</u>	<u>555,849</u>	<u>1,305,283</u>
<i>Fund Balances at End of Year</i>	<u>\$1,063,626</u>	<u>\$622,134</u>	<u>\$1,685,760</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, 2012

Net Change in Fund Balances - Total Governmental Funds \$380,477

*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, this is the amount by which depreciation exceeded capital outlay:

Capital Assets Additions	127,058	
Current Year Depreciation	(696,475)	(569,417)

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 disposal.

Loss on Disposal of Capital Assets		(1,296)
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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	34,853	
Intergovernmental	(336,625)	
Accounts	20,493	(281,279)

Some expenses reported on the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Compensated Absences		19,173
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Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The amortization of premiums, discounts, and issuance costs are reported on the statement of activities:

Issuance Cost Amortization	(397)	
Accretion of the Capital Appreciation Bonds	(1,176)	
Premium Amortization	522	
Accrued Interest Payable	997	(54)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets. 90,000

Issuance costs are reported as an expenditure when paid in the governmental funds, but are deferred on the statement of activities. 15,671

Payment to refunded bond escrow agent is an other financing use in government funds, but the payment reduces long-term liabilities on the statement of net assets. 244,957

Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities.

Refunding bonds issued	(240,000)	
Premium on refunding bonds issued	(20,628)	(260,628)

The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of the outstanding debt on the statement of activities. (197)

Change in Net Assets of Governmental Activities (\$362,593)

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, 2012

	<u>Budget Amounts</u>			Variance With Final Budget Over/(Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Property Taxes	\$1,069,000	\$1,092,455	\$1,092,455	\$0
Intergovernmental	6,389,768	6,226,087	6,226,087	0
Interest	9,000	5,474	5,474	0
Tuition and Fees	805,556	972,621	972,621	0
Extracurricular Activities	7,300	10,201	10,201	0
Rent	300	0	0	0
Charges for Sales and Services	3,500	0	0	0
Contributions and Donations	3,100	3,024	3,024	0
Miscellaneous	96,551	192,079	192,079	0
<i>Total Revenues</i>	<u>8,384,075</u>	<u>8,501,941</u>	<u>8,501,941</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,045,826	4,034,740	4,034,740	0
Special	627,836	617,787	617,787	0
Vocational	3,500	12,864	12,864	0
Student Intervention Services	131,090	166,369	166,369	0
Support Services:				
Pupils	279,197	271,928	271,928	0
Instructional Staff	379,938	404,499	404,499	0
Board of Education	33,494	30,815	30,815	0
Administration	787,945	725,766	725,766	0
Fiscal	182,145	175,106	175,106	0
Business	27,962	29,632	29,631	1
Operation and Maintenance of Plant	991,816	948,281	948,281	0
Pupil Transportation	737,387	787,698	787,698	0
Central	4,219	9,649	9,649	0
Operation of Non-Instructional Services:				
Food Service Operations	5,000	31	31	0
Other	120	138	138	0
Extracurricular Activities	129,384	133,529	133,529	0
Capital Outlay	4,500	5,602	5,602	0
Debt Service:				
Principal Retirement	50,000	50,000	50,000	0
Interest and Fiscal Charges	22,990	22,990	22,990	0
<i>Total Expenditures</i>	<u>8,444,349</u>	<u>8,427,424</u>	<u>8,427,423</u>	<u>1</u>
Excess of Revenues Over (Under) Expenditures	<u>(60,274)</u>	<u>74,517</u>	<u>74,518</u>	<u>1</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	(600)	(52,591)	(52,591)	0
Advances In	83,516	83,516	83,516	0
Advances Out	0	(168,450)	(168,450)	0
<i>Total Other Financing Sources (Uses)</i>	<u>82,916</u>	<u>(137,525)</u>	<u>(137,525)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	22,642	(63,008)	(63,007)	1
<i>Fund Balance at Beginning of Year</i>	1,155,463	1,155,463	1,155,463	0
<i>Prior Year Encumbrances Appropriated</i>	<u>167,741</u>	<u>167,741</u>	<u>167,741</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,345,846</u>	<u>\$1,260,196</u>	<u>\$1,260,197</u>	<u>\$1</u>

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2012

Assets:

Equity in Pooled Cash and Cash Equivalents \$14,374

Liabilities:

Undistributed Monies \$14,374

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, 2012

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 42 non-certificated employees, 66 certificated full-time teaching personnel and six administrative employees who provide services to 956 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:

Optimal Health Initiatives Consortium

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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.

A. 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. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; 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, 2012

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.

B. Fund Accounting

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

Governmental Funds

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

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

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

Fiduciary Funds

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. 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.

D. 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.

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 sixty days of fiscal year-end.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012, but which were levied to finance fiscal year 2013 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.

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.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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.

F. 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 2012 amounted to \$5,474, which includes \$1,181 assigned from other School District funds.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2012.

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, 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.

I. 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.

J. Capital Assets

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

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

K. 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.

L. Accrued Liabilities and Long-Term Obligations

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

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Bond Premiums, Gains on Refinancing and Issuance Costs

In the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt. Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements issuance costs and bond premiums are recognized in the period in which the bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. 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.

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

P. Fund Balance Reserves

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:

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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 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 the use in satisfying those contractual requirements.

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

Unassigned The 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 balances.

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, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. 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.

R. 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, 2012

NOTE 3 - FUND BALANCES (continued)

<u>Fund Balances</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Nonspendable</i>			
Prepays	\$7,360	\$205	\$7,565
Inventory	8,672	709	9,381
Unclaimed Monies	3,028	0	3,028
<i>Total Nonspendable</i>	<u>19,060</u>	<u>914</u>	<u>19,974</u>
<i>Restricted for</i>			
Set Asides	8,718	0	8,718
Bus Purchases	7,440	0	7,440
Debt Payment	0	259,538	259,538
Permanent Improvements	0	141,028	141,028
Athletics	0	59,907	59,907
Race to the Top	0	9,024	9,024
Misc. Federal Grants	0	12,996	12,996
Capital Improvements	0	120,134	120,134
Classroom Facilities	0	56,991	56,991
<i>Total Restricted</i>	<u>16,158</u>	<u>659,618</u>	<u>675,776</u>
<i>Assigned to</i>			
Encumbrances	130,805	0	130,805
Other Purposes	9,947	4,519	14,466
<i>Total Assigned</i>	<u>140,752</u>	<u>4,519</u>	<u>145,271</u>
<i>Unassigned (Deficit)</i>	<u>887,656</u>	<u>(42,917)</u>	<u>844,739</u>
<i>Total Fund Balances</i>	<u><u>\$1,063,626</u></u>	<u><u>\$622,134</u></u>	<u><u>\$1,685,760</u></u>

NOTE 4 - ACCOUNTABILITY

The Food Service, Early Childhood Education, and Title I Special Revenue Funds had deficit fund balances in the amount of \$32,646, \$6,628, and \$2,934, respectively, as of June 30, 2012. The deficits were the result of the recognition of payables in accordance with generally accepted accounting principles. 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, 2012

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	\$314,192
Adjustments:	
Revenue Accruals	(46,213)
Expenditure Accruals	(32,017)
Encumbrances	(214,035)
Advances In	83,516
Advances Out	<u>(168,450)</u>
Budget Basis	<u><u>(\$63,007)</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 monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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.

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, all of the School District's bank balance of \$2,151,243 was insured and collateralized.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be 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 pledge to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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 and public utility property (used in business) located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, 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 2012 represents collections of calendar year 2011 taxes. Public utility real property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from 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, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 7 - PROPERTY TAXES (continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2012, 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.

The amount available as an advance at June 30, 2012, was \$143,915 in the General Fund and \$17,218 in Other Governmental Funds. The amount available as an advance at June 30, 2011, was \$123,223 in the General Fund and \$14,784 in Other Governmental Funds.

On an 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 assessed values upon which fiscal year 2012 taxes were collected are:

	2011 Second- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$48,625,140	77.66%	\$48,681,530	77.80%
Public Utility Personal	13,989,450	22.34%	13,894,360	22.20%
Total Assessed Value	<u>\$62,614,590</u>	<u>100.00%</u>	<u>\$62,575,890</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$22.80		\$22.80	

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 8 - RECEIVABLES

Receivables at June 30, 2012, 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. Delinquent property taxes as of June 30, 2012 were \$322,611.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Education Jobs Grant	\$67,375
Title I	45,549
IDEA-B	31,614
Rural and Low Income	2,807
Title II-A	12,446
Title II-D	2,343
Race to the Top	123,971
Teacher Incentive Fund Grant	64,931
Early Childhood Education	3,319
Fuel Reimbursement	8,431
State Program for Lunch and Breakfast	18,164
E-Rate Reimbursement	28,393
Medicaid Reimbursement	1,113
Miscellaneous	227
Total Intergovernmental Receivables	<u><u>\$410,683</u></u>

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2012, was as follows:

	Balance at 6/30/11	Additions	Deductions	Balance at 6/30/12
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$269,130	\$0	\$0	\$269,130
Construction in Progress	89,660	20,482	(110,142)	0
Total Capital Assets Not Being Depreciated	<u>358,790</u>	<u>20,482</u>	<u>(110,142)</u>	<u>269,130</u>
Capital Assets Being Depreciated:				
Land Improvements	752,467	0	0	752,467
Buildings and Improvements	23,261,637	124,238	0	23,385,875
Furniture, Fixtures and Equipment	1,607,414	52,080	(9,358)	1,650,136
Vehicles	1,013,039	40,400	0	1,053,439
Textbooks	104,297	0	0	104,297
Total Capital Assets Being Depreciated	<u>26,738,854</u>	<u>216,718</u>	<u>(9,358)</u>	<u>26,946,214</u>
Less Accumulated Depreciation:				
Land Improvements	(205,323)	(30,830)	0	(236,153)
Buildings and Improvements	(7,763,489)	(587,287)	0	(8,350,776)
Furniture, Fixtures and Equipment	(1,259,682)	(54,663)	8,062	(1,306,283)
Vehicles	(773,340)	(23,010)	0	(796,350)
Textbooks	(100,131)	(685)	0	(100,816)
Total Accumulated Depreciation	<u>(10,101,965)</u>	<u>(696,475) *</u>	<u>8,062</u>	<u>(10,790,378)</u>
Total Capital Assets Being Depreciated, Net	<u>16,636,889</u>	<u>(479,757)</u>	<u>(1,296)</u>	<u>16,155,836</u>
Governmental Activities Capital Assets, Net	<u>\$16,995,679</u>	<u>(\$459,275)</u>	<u>(\$111,438)</u>	<u>\$16,424,966</u>

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 9 - CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$267,360
Special	77,704
Support Services:	
Pupils	24,333
Instructional Staff	30,734
Administration	44,467
Fiscal	12,277
Business	5,922
Operation and Maintenance of Plant	51,420
Pupil Transportation	96,459
Operation of Non-Instructional Services:	
Food Service Operations	66,402
Extracurricular Activities	19,397
Total Depreciation Expense	<u><u>\$696,475</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 2012, 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 participates in the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool (Note 16), consisting of school districts whose insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays that claims on the School District's behalf.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 10 - RISK MANAGEMENT (continued)

Workers' Compensation

For fiscal year 2012, 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, 2012, the allocation to pension and death benefits was 12.70 percent. The remaining 1.3 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, 2012, 2011, and 2010, were \$141,688, \$114,742, and \$164,422, respectively. For fiscal year 2012, 58 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 system. 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 can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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, 2012, 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, 2012

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, 2012, 2011, and 2010 were \$503,633, \$497,162, and \$501,300, respectively. For fiscal year 2012, 87.33 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2012 were \$42 made by the School District and \$30 made by the plan members. In addition, member contributions of \$5,293 were made for fiscal year 2012 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 fiscal year 2012, .55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2012, this amount was \$35,800. During fiscal year 2012, the School District paid \$16,605 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, 2012, 2011, and 2010 were \$18,255, \$31,085, and \$23,110, respectively. The full amount has been contributed for fiscal years 2011 and 2010.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010, were \$8,103, \$7,384, and \$9,778 respectively. For fiscal year 2012, 56.63 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

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 2012, 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, 2012, 2011, and 2010, were \$38,741, \$38,243, and \$38,562 respectively. For fiscal year 2012, 87.33 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

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, 2012

NOTE 13 - EMPLOYEE BENEFITS (continued)

Insurance Benefits

The School District provides health care and dental coverage for its employees through Medical Mutual of Ohio through the Optimal Health Initiatives Consortium, 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 2012 were as follows:

	Amount Outstanding 6/30/11	Additions	Deductions	Amount Outstanding 6/30/12	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
1998 School Improvement Bonds - 5.70 - 5.85%	\$510,000	\$0	\$280,000	\$230,000	\$40,000
2010 School Energy Conservation Bonds - 4.84%	500,000	0	50,000	450,000	50,000
2012 Refunding Bonds					
Term Bonds 1.40 - 2.10%	0	210,000	0	210,000	5,000
Capital Appreciation Bonds 12.56%	0	30,000	0	30,000	0
Accretion on Capital Appreciation Bonds	0	1,176	0	1,176	0
Premium on Bonds	0	20,628	522	20,106	0
Deferred Amount on Refunding	0	(4,957)	(197)	(4,760)	0
Total General Obligation Bonds	<u>1,010,000</u>	<u>256,847</u>	<u>330,325</u>	<u>936,522</u>	<u>95,000</u>
Compensated Absences	<u>733,692</u>	<u>53,763</u>	<u>72,936</u>	<u>714,519</u>	<u>94,189</u>
Total Governmental Activities Long-Term Obligations	<u>\$1,743,692</u>	<u>\$310,610</u>	<u>\$403,261</u>	<u>\$1,651,041</u>	<u>\$189,189</u>

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

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. During fiscal year 2012, the School District current refunded \$240,000 in bonds. The refunded portion of the bonds were removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the Debt Service Fund using tax revenues. The original bonds were issued for a twenty-two years period with a final maturity at December 1, 2020, and after the current refunding the remaining bonds have a final maturity at December 1, 2016.

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.

On March 22, 2012, the School District issued \$240,000 in General Obligation Refunding Bonds that were issued to partially refund the 1998 School Improvement General Obligation Bonds. The bonds were issued for a nine year period with final maturity at December 2, 2020. The \$240,000 bond issue consists of term bonds in the amount of \$210,000 and capital appreciation bonds in the amount of \$30,000. The bonds were issued at a premium in the amount of \$20,628. Issuance costs in the amount of \$15,671 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. During fiscal year 2012, \$397 of the issuance costs were amortized. The partial current refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$4,957. This difference is being reported in the accompanying financial statements as a decrease to bonds payable and is being amortized to interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt in the amount of \$33,451. The issuance resulted in a total economic gain in the amount of \$29,474. At the date of refunding, \$244,957 was deposited in an irrevocable trust to provide for all future debt service payments on the partially refunded 1998 School Improvement General Obligation Bonds. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District's financial statements. On April 24, 2012, the partially refunded 1998 School Improvement General Obligation Bonds were called, paid in full, and the escrow account was closed.

The term bonds due on December 1, 2016 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2012 and each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts as follows:

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2012	\$5,000
2013	5,000
2014	5,000
2015	5,000
Total	<u><u>\$20,000</u></u>

The remaining principal amount of such bonds (\$5,000) will be paid at stated maturity on December 1, 2016.

The term bonds due on December 1, 2020 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2012 and each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2018	\$60,000
2019	60,000
Total	<u><u>\$120,000</u></u>

The remaining principal amount of such bonds (\$65,000) will be paid at stated maturity on December 1, 2020.

Principal and interest requirements to retire the long-term general obligation bonds, school energy conservation bonds, and refunding bonds outstanding at June 30, 2012, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$95,000	\$35,619	\$130,619
2014	100,000	32,013	132,013
2015	100,000	26,958	126,958
2016	105,000	21,723	126,723
2017	105,000	16,308	121,308
2018-2021	415,000	61,120	476,120
Total	<u><u>\$920,000</u></u>	<u><u>\$193,741</u></u>	<u><u>\$1,113,741</u></u>

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

The overall legal debt margin was \$5,421,368 with an unvoted debt margin of \$62,576, and an Energy Conservation debt margin of \$113,183 at June 30, 2012.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

NOTE 15 - INTERFUND ACTIVITY

Advances

Interfund balances at June 30, 2012, consist of the following individual interfund receivable and payable:

	Receivable
	<u>General Fund</u>
Payable	
Other Governmental Funds	<u>\$168,450</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.

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2012, were as follows:

	Transfers From
	<u>General</u>
Transfers	
To	
Other Governmental Funds	<u>\$52,591</u>

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. During fiscal year 2012, \$52,591 was transferred from the General Fund to the Food Service Special Revenue Fund.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 board exercises total control over the operations of SCOCA including budgeting, appropriations, contracting, and designating management. Each participant's degree of control is limited to its representation on the board. The School District's payments to SCOCA for computer services for fiscal year 2012 were \$92,914. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children 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 Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2012, the School District made a payment of \$325 to the Coalition for a membership fee. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

Public Entity Shared Risk Pool

Optimal Health Initiatives Consortium

The School District is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts whose insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economies of scale to create cost savings. The Council’s business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Jennifer Jostworth, CoWorth Financial Services at 10999 Reed Hartman Highway, Suite 304-E, Cincinnati, Ohio 45242.

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 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 capital acquisitions. Disclosure of this information is required by State statute.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

NOTE 17 - SET-ASIDE CALCULATIONS (continued)

	<u>Capital Acquisitions</u>
Set-aside Balance as of June 30, 2011	\$0
Current Fiscal Year Set-aside Requirement	157,631
Current Fiscal Year Offsets	(126,700)
Qualifying Disbursements	<u>(22,213)</u>
Totals	<u>\$8,718</u>
Set-aside Balance as of June 30, 2012	<u><u>\$8,718</u></u>

The School District's offsets and qualifying expenditures during the fiscal year did not reduce the set-aside amount below zero for capital acquisitions; therefore, this amount will be carried forward to fiscal year 2013. This amount is shown as on the Balance Sheet for Governmental Funds as Restricted Assets Equity in Pooled Cash and Cash Equivalents.

NOTE 18 - CONTINGENCIES

Student Attendance and Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

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, 2012

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	\$ 86,018	\$ -	\$ 86,018	
National School Lunch Program	3L60	10.555	172,394	49,421	172,394	49,421
Total - Nutrition Cluster			258,412	49,421	258,412	49,421
Total United States Department of Agriculture			258,412	49,421	258,412	49,421
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	202,519	-	204,393	-
Total Special Education Cluster			202,519	-	204,393	-
<i>Title I, Part A Cluster:</i>						
Title I Grants to Local Educational Agencies	3M00	84.010	322,829	-	323,586	-
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	3DK0	84.389	2,269	-	2,501	-
Total Title I, Part A Cluster			325,098	-	326,087	-
Education Jobs Fund	3ET0	84.410	292,938	-	295,050	-
State Fiscal Stabilization Funds (SFSF) -Race-to-the-Top Incentive Grants, Recovery Act	3FD0	84.395	75,538	-	106,797	-
Even Start - State Educational Agencies	EVS5	84.213	-	-	807	-
Teacher Incentive Fund, Recovery Act	3EC0	84.385	60,930	-	91,489	-
Rural Education	3Y80	84.358	16,486	-	17,643	-
Improving Teacher Quality State Grants	3Y60	84.367	78,918	-	80,194	-
			524,810	-	591,980	-
Total United States Department of Education			1,052,427	-	1,122,460	-
Total Federal Financial Assistance			\$ 1,310,839	\$ 49,421	\$ 1,380,872	\$ 49,421

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, 2012

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, the 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 15, 2013. 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 did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 15, 2013.

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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.

February 15, 2013



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, 2012. 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, 2012.

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

Balestra, Harr & Scherer, CPAs, Inc.
February 15, 2013

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

**Schedule of Findings
OMB Circular A-133 Section §.505
June 30, 2012**

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):	Education Jobs Fund; CFDA # 84.410 State Fiscal Stabilization Funds (SFSF) Race-to-the-Top Incentive Grants, ARRA; CFDA # 84.395
(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, 2012**

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

None noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted



Dave Yost • Auditor of State

BLOOM VERNON LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 18, 2013**