

Bloom Vernon Local School District

Scioto County

Single Audit

July 1, 2006 through June 30, 2007

Fiscal Year Audited Under GAGAS: 2007

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Mary Taylor, CPA
Auditor of State

Board of Education
Bloom Vernon Local School District
P.O. Box 237
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, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 25, 2008

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BLOOM VERNON LOCAL SCHOOL DISTRICT
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Bloom Vernon Local School District
P.O. Box 237
South Webster, Ohio 45682

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloom Vernon Local School District (the District), Scioto County, as of and for the year ended June 30, 2007, 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.

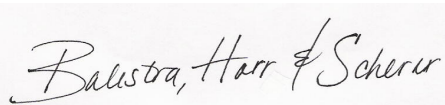
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2007, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Balestra, Harr & Scherer, CPAs, Inc.

December 21, 2007

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

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, 2007. 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 2007 are as follows:

Net assets of governmental activities decreased \$766,401. This is primarily due to current fiscal year depreciation of capital assets.

Total assets of governmental activities decreased by \$936,654. Capital Assets decreased by \$491,061 primarily due to current fiscal year depreciation exceeding current fiscal year additions. Receivables and other current assets decreased by \$445,593 due primarily to a decrease in Equity in Pooled Cash and Cash Equivalents resulting from an increase in open enrollment tuition expenses due to students leaving the School District to attend other school districts.

General revenues accounted for \$6,954,625, or 73 percent of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$2,554,399, or 27 percent of total revenues of \$9,509,024.

The School District had \$10,275,425 in expenses related to governmental activities; only \$2,554,399, 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 \$6,954,625 were not adequate to provide for these programs.

Using the Basic Financial Statements

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

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

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 2007?”

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 7. 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 – All 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, 2007

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. 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 2007 and 2006:

(Table 1)
Net Assets

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2007</u>	<u>2006</u>	<u>(Decrease)</u>
Assets			
Current Assets	\$3,475,382	\$3,920,975	(\$445,593)
Capital Assets	18,662,508	19,153,569	(491,061)
Total Assets	<u>22,137,890</u>	<u>23,074,544</u>	<u>(936,654)</u>
Liabilities			
Long-Term Liabilities	1,398,323	1,459,005	(60,682)
Other Liabilities	2,090,793	2,200,364	(109,571)
Total Liabilities	<u>3,489,116</u>	<u>3,659,369</u>	<u>(170,253)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	17,897,508	18,303,569	(406,061)
Restricted	1,047,366	1,011,797	35,569
Unrestricted (Deficit)	(296,100)	99,809	(395,909)
Total Net Assets	<u>\$18,648,774</u>	<u>\$19,415,175</u>	<u>(\$766,401)</u>

Total assets decreased by \$936,654. This was primarily due to a decrease of \$491,061 in capital assets and a decrease of \$376,157 in Equity in Pooled Cash and Cash Equivalents. The decrease in capital assets is due largely to depreciation for fiscal year 2007. The decrease in Equity in Pooled Cash and Cash Equivalents is due predominantly to an increase in expenses due to increased costs for open enrollment. Total liabilities decreased \$170,253. Long-term liabilities decreased by \$60,682 due to the debt service payments on the General Obligation Bonds. Current liabilities decreased by \$109,571 due mostly to a decrease in Deferred Revenue. The decrease in Deferred Revenue of \$78,573 is due mainly to a decrease in Taxes Receivable.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2007

Invested in Capital Assets, Net of Related Debt for governmental activities decreased by \$406,061 due to current fiscal year depreciation exceeding current fiscal year additions. Unrestricted net assets decreased \$395,909 mainly due to a decrease in Equity in Pooled Cash and Cash Equivalents.

The decrease in Equity in Pooled Cash and Cash Equivalents is due predominantly to an increase in expenses due to increased costs for open enrollment.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2007 and 2006. 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, investment earnings and miscellaneous revenues.

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

(Table 2)
Change in Net Assets

	Governmental Activities 2007	2006	Increase (Decrease)
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,007,157	\$990,547	\$16,610
Operating Grants, Contributions and Interest	1,527,189	1,631,590	(104,401)
Capital Grants and Contributions	20,053	11,280	8,773
Total Program Revenues	<u>2,554,399</u>	<u>2,633,417</u>	<u>(79,018)</u>
General Revenues:			
Property Taxes	1,088,748	1,098,656	(9,908)
Grants and Entitlements not Restricted to Specific Programs	5,744,712	5,666,662	78,050
Gain on Sale of Capital Assets	1,151	0	1,151
Contributions and Donations	2,000	2,075	(75)
Investment Earnings	55,272	63,048	(7,776)
Miscellaneous	62,742	76,846	(14,104)
Total General Revenues	<u>6,954,625</u>	<u>6,907,287</u>	<u>47,338</u>
Total Revenues	<u>\$9,509,024</u>	<u>\$9,540,704</u>	<u>(\$31,680)</u>

(continued)

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

(Table 2)
Change in Net Assets
(continued)

	Governmental Activities	Increase	
	2007	2006	(Decrease)
Program Expenses			
Instruction:			
Regular	\$4,357,323	\$4,188,530	\$168,793
Special	1,213,371	1,320,516	(107,145)
Vocational	594	5,904	(5,310)
Adult/Continuing	507	56,029	(55,522)
Student Intervention Services	136,471	51,125	85,346
Support Services:			
Pupils	296,376	298,440	(2,064)
Instructional Staff	513,265	506,588	6,677
Board of Education	29,910	38,727	(8,817)
Administration	764,223	783,835	(19,612)
Fiscal	216,143	223,010	(6,867)
Business	33,511	32,001	1,510
Operation and Maintenance of Plant	1,118,617	1,203,638	(85,021)
Pupil Transportation	798,916	745,823	53,093
Central	21,216	37,628	(16,412)
Operation of Non-Instructional Services:			
Food Service Operations	523,555	426,732	96,823
Extracurricular Activities	166,269	199,578	(33,309)
Intergovernmental	38,500	43,500	(5,000)
Interest and Fiscal Charges	46,658	52,354	(5,696)
Total Expenses	<u>10,275,425</u>	<u>10,213,958</u>	<u>61,467</u>
Change in Net Assets	(766,401)	(673,254)	(93,147)
Net Assets at Beginning of Year	<u>19,415,175</u>	<u>20,088,429</u>	<u>(673,254)</u>
Net Assets at End of Year	<u><u>\$18,648,774</u></u>	<u><u>\$19,415,175</u></u>	<u><u>(\$766,401)</u></u>

Governmental Activities

Grants and Entitlements not Restricted to Specific Programs made up 60 percent of revenues for governmental activities fiscal year 2007. Property Tax revenue made up 11 percent of the total revenue for governmental activities for a total of 71 percent of all revenue coming from property taxes and grants and entitlements not restricted to specific programs.

Instruction comprises 56 percent of governmental program expenses. Support services expenses make up 37 percent of governmental expenses.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Operating grants decreased \$104,401 from the prior fiscal year due to a decrease in federal program funding.

Grants and entitlements not restricted to specific programs increased \$78,050 due primarily to an increase in State foundation revenue.

Instruction increased by \$86,162 over the prior fiscal year, which resulted primarily from the addition of a new teacher and an increase in open enrollment students leaving the School District to attend other school districts.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Net costs are costs that must be covered by unrestricted State aid (State Foundation) or local taxes. The difference in these two columns would represent restricted grants, fees and donations.

(Table 3)
Governmental Activities

	Total Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2007	Net Cost of Services 2006
Instruction	\$5,708,266	\$5,622,104	(\$3,796,531)	\$3,609,480
Support Services	3,792,177	3,869,690	(3,706,110)	3,759,193
Operation of Non-Instructional Services	523,555	426,732	(60,592)	14,789
Extracurricular Activities	166,269	199,578	(111,135)	144,725
Intergovernmental	38,500	43,500	0	0
Interest and Fiscal Charges	46,658	52,354	(46,658)	52,354
Total Expenses	<u>\$10,275,425</u>	<u>\$10,213,958</u>	<u>(\$7,721,026)</u>	<u>\$7,580,541</u>

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,501,420 and expenditures of \$9,845,539. The net change in fund balance for the fiscal year was most significant in the General Fund, a decrease of \$243,521, due primarily to an increase in expenditures related to open enrollment and salaries.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

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 2007, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund's original and final budgeted amounts is listed on page 16, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final estimated revenues were \$7,225,925, with original estimated revenues of \$7,393,258. This decrease of \$167,333 was due primarily to the School District overestimating tax revenues at the beginning of the fiscal year.

Final estimated expenditures were \$7,589,366, while original estimated expenditures were \$7,860,262, a difference of three percent. The original budget included expenditures for instruction in the Family Literacy Program and preschool program that were moved to special revenue funds during the fiscal year.

The School District's ending actual fund balance in the General Fund was \$3,001 over the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The decrease in capital assets was due largely to depreciation expenses of \$687,986 for fiscal year 2007.

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

Debt

At June 30, 2007, the School District had \$765,000 in long-term debt outstanding.

The School District's total legal debt margin was \$3,762,531 at June 30, 2007, with an unvoted debt margin of \$50,306 at June 30, 2007.

See Note 13 of the notes to the basic financial statements for more detailed information.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Current Issues

For the third consecutive year, the Bloom Vernon Local School District has earned a rating of "Effective." This rating is determined by the Ohio Department of Education based on student proficiency test scores, student attendance, and performance index scores. The School District met 26 of 30 indicators to receive this designation.

As a low wealth school district, the School District is very dependent on the State of Ohio for funding. For fiscal year 2007, the School District experienced an unexpected decrease in enrollment of 28 students. This significantly affected our State funding. This decrease in funding along with increased costs in salaries, utilities, and bus purchases resulted in a substantial decline of the School District's ending fund balances. Revenues and expenses will be closely monitored in the future to protect the financial condition of the School District.

The School District takes pride in its educational accomplishments and will continue to strive to provide a quality education and a secure stable financial future.

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 Carol Davis, Treasurer at Bloom Vernon Local School District, P.O. Box 237, South Webster, Ohio 45682, or email carol_bv@scoca-k12.org.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$2,004,196
Materials and Supplies Inventory	15,534
Inventory Held for Resale	7,164
Intergovernmental Receivable	218,859
Prepaid Items	4,662
Property Taxes Receivable	1,224,967
Capital Assets:	
Land	269,130
Depreciable Capital Assets, Net	18,393,378
	<hr/>
<i>Total Assets</i>	22,137,890
	<hr/>
<u>Liabilities:</u>	
Accounts Payable	36,723
Accrued Wages and Benefits Payable	770,367
Intergovernmental Payable	208,002
Accrued Interest Payable	3,690
Deferred Revenue	1,072,011
Long-Term Liabilities:	
Due Within One Year	194,177
Due in More Than One Year	1,204,146
	<hr/>
<i>Total Liabilities</i>	3,489,116
	<hr/>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	17,897,508
Restricted for Debt Service	429,897
Restricted for Capital Projects	292,335
Restricted for Other Purposes	278,581
Restricted for Set-Asides	46,553
Unrestricted (Deficit)	(296,100)
	<hr/>
<i>Total Net Assets</i>	\$18,648,774
	<hr/> <hr/>

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Total Governmental Activities	
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$4,357,323	\$778,982	\$156,686	\$0	(\$3,421,655)
Special	1,213,371	0	916,022	0	(297,349)
Vocational	594	0	5,199	0	4,605
Adult/Continuing	507	0	6,120	0	5,613
Student Intervention Services	136,471	0	48,726	0	(87,745)
Support Services:					
Pupils	296,376	9,655	5,616	0	(281,105)
Instructional Staff	513,265	0	44,543	0	(468,722)
Board of Education	29,910	0	0	0	(29,910)
Administration	764,223	0	0	0	(764,223)
Fiscal	216,143	0	0	0	(216,143)
Business	33,511	0	0	0	(33,511)
Operation and Maintenance of Plant	1,118,617	1,200	0	0	(1,117,417)
Pupil Transportation	798,916	0	0	20,053	(778,863)
Central	21,216	0	5,000	0	(16,216)
Operation of Non-Instructional Services:					
Food Service Operations	523,555	174,386	288,577	0	(60,592)
Extracurricular Activities	166,269	42,934	12,200	0	(111,135)
Intergovernmental	38,500	0	38,500	0	0
Interest and Fiscal Charges	46,658	0	0	0	(46,658)
<i>Total Governmental Activities</i>	\$10,275,425	\$1,007,157	\$1,527,189	\$20,053	(7,721,026)
<u>General Revenues:</u>					
Property Taxes Levied for:					
					937,695
					84,792
					46,722
					19,539
					5,744,712
					1,151
					2,000
					55,272
					62,742
<i>Total General Revenues</i>					6,954,625
<i>Change in Net Assets</i>					(766,401)
<i>Net Assets at Beginning of Year</i>					19,415,175
<i>Net Assets at End of Year</i>					\$18,648,774

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2007

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$919,342	\$423,601	\$611,672	\$1,954,615
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	49,581	0	0	49,581
Receivables:				
Property Taxes	1,048,638	103,923	72,406	1,224,967
Intergovernmental	5,309	0	213,550	218,859
Interfund	44,106	0	0	44,106
Prepaid Items	4,662	0	0	4,662
Materials and Supplies Inventory	14,786	0	748	15,534
Inventory Held for Resale	0	0	7,164	7,164
Total Assets	\$2,086,424	\$527,524	\$905,540	\$3,519,488
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$31,450	\$0	\$5,273	\$36,723
Accrued Wages and Benefits Payable	537,296	0	233,071	770,367
Intergovernmental Payable	158,063	0	49,939	208,002
Interfund Payable	0	0	44,106	44,106
Deferred Revenue	991,160	99,629	142,792	1,233,581
Total Liabilities	1,717,969	99,629	475,181	2,292,779
<u>Fund Balances:</u>				
Reserved for Encumbrances	31,264	260	59,499	91,023
Reserved for Property Taxes	49,270	3,688	3,437	56,395
Reserved for Capital Acquisitions	46,553	0	0	46,553
Reserved for Unclaimed Monies	3,028	0	0	3,028
Unreserved, Undesignated, Reported in:				
General Fund	238,340	0	0	238,340
Special Revenue Funds	0	0	119,528	119,528
Debt Service Fund	0	423,947	0	423,947
Capital Projects Funds	0	0	247,895	247,895
Total Fund Balances	368,455	427,895	430,359	1,226,709
Total Liabilities and Fund Balances	\$2,086,424	\$527,524	\$905,540	\$3,519,488

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, 2007

Total Governmental Fund Balances \$1,226,709

*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	26,292,933	
Accumulated depreciation	<u>(7,899,555)</u>	
Total capital assets		18,662,508

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	87,140	
Intergovernmental	<u>74,430</u>	
		161,570

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	(765,000)	
Accrued interest on bonds	(3,690)	
Compensated absences	<u>(633,323)</u>	
Total liabilities		<u>(1,402,013)</u>

Net Assets of Governmental Activities \$18,648,774

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, 2007

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$945,194	\$90,782	\$66,779	\$1,102,755
Intergovernmental	5,386,624	12,911	1,854,581	7,254,116
Investment Earnings	49,571	0	7,685	57,256
Tuition and Fees	778,982	0	0	778,982
Extracurricular Activities	0	0	52,089	52,089
Rent	1,200	0	500	1,700
Charges for Services	0	0	174,386	174,386
Contributions and Donations	3,000	0	12,938	15,938
Miscellaneous	51,904	0	12,294	64,198
<i>Total Revenues</i>	<u>7,216,475</u>	<u>103,693</u>	<u>2,181,252</u>	<u>9,501,420</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,319,735	0	723,765	4,043,500
Special	520,397	0	648,514	1,168,911
Adult/Continuing	0	0	1,114	1,114
Student Intervention Services	0	0	125,735	125,735
Support Services:				
Pupils	260,775	0	19,352	280,127
Instructional Staff	426,088	0	52,217	478,305
Board of Education	29,910	0	0	29,910
Administration	711,752	0	0	711,752
Fiscal	196,405	2,710	1,715	200,830
Business	26,298	0	0	26,298
Operation and Maintenance of Plant	1,017,461	0	45,605	1,063,066
Pupil Transportation	784,966	0	10,538	795,504
Central	4,107	0	18,430	22,537
Operation of Non-Instructional Services:				
Food Service Operations	8,328	0	464,881	473,209
Extracurricular Activities	117,099	0	54,090	171,189
Capital Outlay	19,238	0	63,681	82,919
Intergovernmental	0	0	38,500	38,500
Debt Service:				
Principal Retirement	0	85,000	0	85,000
Interest and Fiscal Charges	0	47,133	0	47,133
<i>Total Expenditures</i>	<u>7,442,559</u>	<u>134,843</u>	<u>2,268,137</u>	<u>9,845,539</u>
Excess of Revenues Under Expenditures	<u>(226,084)</u>	<u>(31,150)</u>	<u>(86,885)</u>	<u>(344,119)</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Capital Assets	1,169	0	0	1,169
Transfers In	0	0	18,606	18,606
Transfers Out	(18,606)	0	0	(18,606)
<i>Total Other Financing Sources (Uses)</i>	<u>(17,437)</u>	<u>0</u>	<u>18,606</u>	<u>1,169</u>
<i>Net Change in Fund Balances</i>	<u>(243,521)</u>	<u>(31,150)</u>	<u>(68,279)</u>	<u>(342,950)</u>
<i>Fund Balances at Beginning of Year</i>	<u>611,976</u>	<u>459,045</u>	<u>498,638</u>	<u>1,569,659</u>
<i>Fund Balances at End of Year</i>	<u>\$368,455</u>	<u>\$427,895</u>	<u>\$430,359</u>	<u>\$1,226,709</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, 2007

Net Change in Fund Balances - Total Governmental Funds (\$342,950)

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

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

Capital asset additions	196,943	
Depreciation expense	(687,986)	
Excess of depreciation expense over capital outlay		(491,043)

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

Proceeds from the sale of capital assets	(1,169)	
Gain on sale of capital assets	1,151	
		(18)

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	(14,007)	
Intergovernmental	21,916	
Miscellaneous	(1,456)	
		6,453

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

Bond payments		85,000
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable	(24,318)	
Decrease in accrued interest payable	475	
Total (increase)/decrease		(23,843)

Change in Net Assets of Governmental Activities (\$766,401)

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, 2007

	<u>Budget Amounts</u>			Variance With Final Budget Over/(Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Property Taxes	\$1,107,800	\$936,277	\$936,277	\$0
Intergovernmental	5,383,036	5,386,624	5,386,624	0
Investment Earnings	49,546	49,579	49,579	0
Tuition and Fees	778,463	778,982	778,982	0
Rent	1,199	1,200	1,200	0
Contributions and Donations	2,998	3,000	3,000	0
Miscellaneous	70,216	70,263	70,263	0
<i>Total Revenues</i>	<u>7,393,258</u>	<u>7,225,925</u>	<u>7,225,925</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,963,684	2,785,584	2,785,584	0
Special	579,423	510,075	510,075	0
Vocational	10,000	0	0	0
Other	416,536	533,351	533,351	0
Support Services:				
Pupils	261,968	259,080	259,080	0
Instructional Staff	375,852	445,326	445,326	0
Board of Education	44,268	41,418	41,418	0
Administration	743,212	709,917	709,917	0
Fiscal	224,830	197,962	197,962	0
Business	46,719	28,527	28,527	0
Operation and Maintenance of Plant	1,213,730	1,091,167	1,088,166	3,001
Pupil Transportation	804,392	837,940	837,940	0
Central	4,962	4,828	4,828	0
Operation of Non-Instructional Services:				
Food Service Operations	7,775	8,328	8,328	0
Extracurricular Activities	121,822	116,625	116,625	0
Capital Outlay	41,089	19,238	19,238	0
<i>Total Expenditures</i>	<u>7,860,262</u>	<u>7,589,366</u>	<u>7,586,365</u>	<u>3,001</u>
Excess of Revenues Over (Under) Expenditures	<u>(467,004)</u>	<u>(363,441)</u>	<u>(360,440)</u>	<u>3,001</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Capital Assets	0	1,169	1,169	0
Advances In	1,342	1,342	1,342	0
Transfers Out	(23,444)	(19,956)	(19,956)	0
Advances Out	(1,382)	(43,825)	(43,825)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(23,484)</u>	<u>(61,270)</u>	<u>(61,270)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(490,488)	(424,711)	(421,710)	3,001
<i>Fund Balance at Beginning of Year</i>	1,044,428	1,044,428	1,044,428	0
<i>Prior Year Encumbrances Appropriated</i>	<u>242,798</u>	<u>242,798</u>	<u>242,798</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$796,738</u>	<u>\$862,515</u>	<u>\$865,516</u>	<u>\$3,001</u>

See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2007

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$17,844</u></u>
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Liabilities:

Undistributed Monies	\$10,937
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Deposits Held and Due to Others	<u>6,907</u>
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<i>Total Liabilities</i>	<u><u>\$17,844</u></u>
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See accompanying notes to the basic financial statements

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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 through the consolidation of existing land areas and school districts. The School District 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 46 non-certificated employees, 77 certificated full-time teaching personnel and six administrative employees who provide services to 924 students and other community members. The School District currently operates four instructional buildings.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure 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 six organizations, three of which are defined as jointly governed organizations, one as a public entity shared risk pool, and two as insurance purchasing pools. These organizations are the South Central Ohio Computer Association, the Coalition of Rural and Appalachian Schools, the Pilasco-Ross Special Education Regional Resource Center, the Scioto County Schools Council, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 15, 16, and 17 to the basic financial statements.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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. The statements normally distinguish between those activities that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

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

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. 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.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the School District fall within two categories, governmental and fiduciary.

Governmental Funds:

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

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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. Government-wide financial statements and the financial statements 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 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, 2007

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance 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, 2007, but which were levied to finance fiscal year 2008 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, 2007

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, 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 control has been established by the Board of Education at the fund level. 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-end for the majority of accounts.

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 2007 amounted to \$49,571, which includes \$24,838 assigned from other School District funds.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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, 2007.

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007, 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. Capital Assets

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

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

All reported capital assets, except land, 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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Interfund Balances

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

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.

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 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.

M. Internal Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash equivalents legally required to be set aside by the School District for capital acquisitions and unclaimed monies held to be reclaimed by the rightful owner. See Note 18 for additional information regarding set-asides.

O. Fund Balance Reserves

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

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

P. 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.

The government-wide Statement of Net Assets reports \$1,047,366 of restricted net assets, none of which are restricted by enabling legislation.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Estimates

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

NOTE 3 - ACCOUNTABILITY

The Poverty Based Assistance, Title VI-B, Title I, and Title VI-R Special Revenue Funds had deficit fund balances of \$67,351, \$22,194, \$13,461, and \$3,605, respectively, as of June 30, 2007. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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	(\$243,521)
Adjustments:	
Revenue Accruals	9,495
Expenditure Accruals	(40,444)
Unrecorded Cash - FY 07	(45)
Transfers	(1,350)
Advances	(42,483)
Encumbrances	<u>(103,362)</u>
Budget Basis	<u><u>(\$421,710)</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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;

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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);
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.

At June 30, 2007, the School District had no investments.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 6 - PROPERTY TAXES (continued)

Assessed values for real property taxes are established by State law at thirty-five 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 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006, and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2007 (other than public utility property tax) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, however, the June 2007 tangible personal property tax was not received until July 2007.

The School District receives property taxes from Scioto County. The 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, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007, 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, 2007, was \$49,270 in the General Fund, \$3,688 in the Debt Service Fund, and \$3,437 in Other Governmental Funds. The amount available as an advance at June 30, 2006, was \$48,561 in the General Fund, \$6,797 in the Debt Service Fund, and \$3,372 in Other Governmental Funds. The late June personal property tax settlement was recorded as revenue in the amount of \$8,208 in the General Fund, \$606 in the Debt Service Fund, and \$607 in Other Governmental Funds.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 6 - PROPERTY TAXES (continued)

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

The assessed values upon which fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$37,146,790	73.52%	\$38,018,990	74.46%
Public Utility Personal	12,868,820	25.47%	12,646,870	24.77%
General Business Personal	510,922	1.01%	396,804	0.77%
Total Assessed Value	<u>\$50,526,532</u>	<u>100.00%</u>	<u>\$51,062,664</u>	<u>100.00%</u>

Tax rate per \$1,000 of assessed valuation	\$29.97	\$28.67
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NOTE 7 - RECEIVABLES

Receivables at June 30, 2007, consisted of 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.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Title I	\$100,454
Title II-A	16,164
Food Service	20,089
Title VI-B, Special Education Idea B	18,626
Title VI-B, Rural	2,937
Title VI-A	1,231
Core Implementation	46,726
Family Literacy	7,323
Excess Costs Reimbursement	5,309
Total Intergovernmental Receivables	<u>\$218,859</u>

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2007, was as follows:

	Balance at 6/30/06	Additions	Deductions	Balance at 6/30/07
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$269,130	\$0	\$0	\$269,130
Capital Assets Being Depreciated:				
Land Improvements	671,916	4,900	0	676,816
Buildings and Improvements	22,911,572	50,447	0	22,962,019
Furniture, Fixtures and Equipment	1,480,862	74,856	(47,906)	1,507,812
Vehicles	1,006,777	66,740	(24,679)	1,048,838
Textbooks	97,448	0	0	97,448
Total Capital Assets				
Being Depreciated	26,168,575	196,943	(72,585)	26,292,933
Less Accumulated Depreciation:				
Land Improvements	(72,659)	(23,976)	0	(96,635)
Buildings and Improvements	(5,184,896)	(579,923)	0	(5,764,819)
Furniture, Fixtures and Equipment	(1,031,009)	(77,750)	47,888	(1,060,871)
Vehicles	(898,124)	(6,337)	24,679	(879,782)
Textbooks	(97,448)	0	0	(97,448)
Total Accumulated Depreciation	(7,284,136)	(687,986) *	72,567	(7,899,555)
Total Capital Assets Being				
Depreciated, Net	18,884,439	(491,043)	(18)	18,393,378
Governmental Activities				
Capital Assets, Net	\$19,153,569	(\$491,043)	(\$18)	\$18,662,508

* Depreciation expense was charged to governmental functions as follows:

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 8 - CAPITAL ASSETS (continued)

Instruction:	
Regular	\$300,970
Special	56,889
Vocational	594
Student Intervention Services	9,137
Support Services:	
Pupils	13,858
Instructional Staff	37,831
Administration	42,241
Fiscal	13,779
Business	7,213
Operation and Maintenance of Plant	57,019
Pupil Transportation	70,297
Operation of Non-Instructional Services:	
Food Service Operations	62,153
Extracurricular Activities	16,005
Total Depreciation Expense	<u><u>\$687,986</u></u>

NOTE 9 - RISK MANAGEMENT

A. 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 2007, the School District participated in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17). The types and amounts of coverage follow:

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 9 - RISK MANAGEMENT (continued)

Building and Contents - at replacement cost (\$2,500 deductible)	\$57,438,700
Inland Marine Coverage	605,000
Employee Theft - Per Loss Coverage Limit (\$1,000 deductible)	50,000
Equipment Breakdown (Broiler/Machinery) Coverage	250,000
Automobile Liability:	
Liability	2,000,000
Auto Medical Payments	5,000
Uninsured Motorists	1,000,000
General Liability:	
Bodily Injury and Property Damage - Each Occurrence and Sexual Abuse Injury - Each Offense	1,000,000
Personal and Advertising Injury - Each Offense	1,000,000
Loss of Electronic Data Limit - Each Incident	50,000
Fire Damage - Any One Event	500,000
Medical Expense - Any One Person	10,000
Medical Expense - Any One Accident	10,000
General Aggregate	3,000,000
Products - Completed Operations Aggregate	1,000,000
Employee Benefits Liability - Claims Made:	
Employee Benefits Injury - Each Offense	1,000,000
Employee Benefits Injury - Aggregate	3,000,000
Employer's Liability - Stop Gap Coverage - State (Ohio):	
Bodily Injury by Accident - Each Accident	1,000,000
Bodily Injury by Disease - Endorsement	1,000,000
Bodily Injury by Disease - Each Employee	1,000,000
Educational Legal Liability - Claims Made (\$10,000 deductible):	
Errors and Omissions Injury - Each Wrongful Act	1,000,000
Errors and Omissions Injury - Aggregate	3,000,000
Employment Practices Injury - Each Wrongful Act	1,000,000
Employment Practices Injury Aggregate	3,000,000

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 9 - RISK MANAGEMENT (continued)

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no reduction in building and contents, inland marine, and automobile liability insurance coverage from last fiscal year.

B. Employee Medical and Dental Benefits

The School District is a member of the Scioto County Schools Council, a public entity shared risk pool (Note 16), offering employee medical and dental insurance to participating school districts within the county. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turns pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the School District shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the plan due up to the date of termination plus extended benefits, if any, provided under the plan.

C. Workers' Compensation

For fiscal year 2007, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). 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 participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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 school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling toll-free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$120,891, \$115,853, and \$137,783, respectively; 44.43 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005.

B. State Teachers Retirement System of Ohio

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 may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times 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 Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$513,181, \$522,078, and \$474,642, respectively; 83.08 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$3,394 made by the School District and \$7,520 made by the plan members.

NOTE 11 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$39,475 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their healthcare premium. The portion is based on years of service, Medicare eligibility, and retirement status.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$59,862.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants eligible to receive health care benefits.

NOTE 12 - EMPLOYEE BENEFITS

A. 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 ten to twenty 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.

B. Insurance Benefits

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 12 - EMPLOYEE BENEFITS (continued)

C. Deferred Compensation

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

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2007 were as follows:

	Amount Outstanding 6/30/06	Additions	Deductions	Amount Outstanding 6/30/07	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
1988 Classroom Facilities General Obligation Bonds - 6.90%	\$165,000	\$0	\$55,000	\$110,000	\$55,000
1998 School Improvement Bonds - 6.25%	685,000	0	30,000	655,000	35,000
Total General Obligation Bonds	<u>850,000</u>	<u>0</u>	<u>85,000</u>	<u>765,000</u>	<u>90,000</u>
Other Long-Term Obligations:					
Compensated Absences	609,005	91,391	67,073	633,323	104,177
Total Governmental Activities Long-Term Obligations	<u>\$1,459,005</u>	<u>\$91,391</u>	<u>\$152,073</u>	<u>\$1,398,323</u>	<u>\$194,177</u>

Classroom Facilities General Obligation Bonds - On November 5, 1988, Bloom Vernon Local School District issued \$1,180,000 in voted general obligation bonds for the purpose of building an addition to the primary school and for the construction of a new high school building. The bonds were issued for a twenty year period with final maturity at December 1, 2008. The bonds will be retired from the Debt Service Fund.

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 twenty-three year period with final maturity at December 31, 2020. The bonds will be retired from the Debt Service Fund.

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

The School District's overall legal debt margin was \$3,762,531 with an unvoted debt margin of \$50,306 at June 30, 2007.

Principal and interest requirements to retire the general obligation debt at June 30, 2007, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$90,000	\$41,301	\$131,301
2009	90,000	35,337	125,337
2010	35,000	31,335	66,335
2011	40,000	29,170	69,170
2012	40,000	26,880	66,880
2013-2017	230,000	97,202	327,202
2018-2021	240,000	25,738	265,738
Total	<u>\$765,000</u>	<u>\$286,963</u>	<u>\$1,051,963</u>

NOTE 14 - INTERFUND ACTIVITY

A. Interfund Receivables/Payables

As of June 30, 2007, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Payable	Receivable
		General
Other		
Governmental Funds		<u>\$44,106</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 funds will use these restricted monies to reimburse the General Fund for the initial advance.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 14 - INTERFUND ACTIVITY (continued)

B. Interfund Transfers

Transfers made during the fiscal year ended June 30, 2007, were as follows:

	Transfers From
Transfers To	<u>General</u>
Other	
Governmental Funds	<u>\$18,606</u>

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

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. South Central Ohio Computer Association

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Lawrence, Pike, Ross, Jackson, Vinton, and Scioto Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, and one representative from the fiscal agent. The School District paid SCOCA \$13,377 for membership services provided during the fiscal year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. Coalition of Rural and Appalachian Schools

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

C. Pilasco-Ross Special Education Regional Resource Center

The Pilasco-Ross Special Education Regional Resource Center (SERRC) is a special education service center which represents Lawrence, Pike, Ross and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and receives direct federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a Board composed of superintendents of participating schools, parents of children with disabilities, representatives of county boards of MR/DD, Joint Vocational Schools, Shawnee State University, and Ross-Pike, Lawrence and South Central Ohio Educational Service Centers, whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The fiscal agent for the SERRC is Dawson-Bryant Local School District. Financial information can be obtained by contacting Gary Dutey, Director of Pilasco-Ross, at the South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

NOTE 16 - PUBLIC ENTITY SHARED RISK POOL

Scioto County Schools Council

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

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 16 - PUBLIC ENTITY SHARED RISK POOL (continued)

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

NOTE 17 - INSURANCE PURCHASING POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of Directors consisting of school district superintendents and treasurers, as well as Dave Harcum, an independent consultant of the Hylant Group, Inc., and a partner of the Hylant Group, Inc. The Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007

NOTE 18 - SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Textbooks and Instructional Materials	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2006	(\$19,918)	\$12,667
Current Fiscal Year Set-aside Requirement	130,037	130,037
Current Fiscal Year Offsets	0	(74,559)
Qualifying Disbursements	(112,245)	(21,592)
Totals	(\$2,126)	\$46,553
Set-aside Reserve Balance as of June 30, 2007	\$0	\$46,553

The School District had qualifying disbursements during the fiscal year that reduced the textbooks and instructional materials set-aside to below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.

NOTE 19 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

B. Litigation

The School District is not party to any legal proceedings.

BLOOM VERNON LOCAL SCHOOL DISTRICT

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2007

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Non-Cash Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	05PU	10.553	\$ 61,314	\$ -	\$ 61,314	\$ -
National School Lunch Program	LLP4	10.555	144,942	-	144,942	-
Total Nutrition Cluster			<u>206,256</u>	<u>-</u>	<u>206,256</u>	<u>-</u>
Food Donation	N/A	10.550		49,597		49,597
Total United States Department of Agriculture			<u>206,256</u>	<u>49,597</u>	<u>206,256</u>	<u>49,597</u>
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	C1S1	84.010	266,293	-	317,359	-
Special Education - Grants to States	6BSF	84.027	265,693	-	268,176	-
Safe & Drug-Free Schools and Communities - State Grants	DRS1	84.186	7,990	-	8,389	-
Even Start - State Educational Agencies	EVSS	84.213	21,349	-	30,730	-
State Grants for Innovative Programs	C2S1	84.298	1,872	-	2,157	-
Education Technology State Grants	TJS1	84.318	4,994	-	4,534	-
Rural Education	RUS1	84.358	26,511	-	23,764	-
Improving Teacher Quality State Grants	TRS1	84.367	89,065	-	87,354	-
Total United States Department of Education			<u>683,767</u>	<u>-</u>	<u>742,463</u>	<u>-</u>
<i>Passed Through Job and Family Services:</i>						
Temporary Assistance for Needy Families	NA	93.558	89,788	-	89,788	-
Centers for Medicare and Medicaid Services						
Medical Assistance Program	N	93.778	13,122	-	-	-
Total Federal Financial Assistance			<u>\$ 992,933</u>	<u>\$ 49,597</u>	<u>\$ 1,038,507</u>	<u>\$ 49,597</u>

N/A - Not Available

N - Direct from federal agency

See accompanying notes to the Schedule of Federal Awards Expenditures

BLOOM VERNON LOCAL SCHOOL DISTRICT

Notes to Schedule of Federal Awards Expenditures

For the Fiscal Year Ended June 30, 2007

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) 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 for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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

NOTE C – MEDICAL ASSISTANCE PROGRAM

As of July 1, 2005, the Community Alternative Funding System (CAFS) program (CFDA #93.778) no longer exists as a funding stream. All remittances subsequent to this date reflect settlements of past years. In fiscal year 2007, the District received \$13,122 in settlements related to expenditures made in prior years.

BALESTRA, HARR & SCHERER CPAs, INC.

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Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Board
Bloom Vernon Local School District
P.O. Box 237
South Webster, Ohio 45682

To the Board of Education:

We have audited the accompanying financial statements of the government activities, each major fund, and the aggregate remaining fund information of the Bloom Vernon Local School District (the School District), Scioto County, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 21, 2007. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

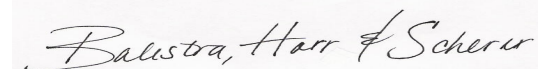
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, members of the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

December 21, 2007

BALESTRA, HARR & SCHERER CPAs, INC.

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

Members of the Board
Bloom Vernon Local School District
P.O. Box 237
South Webster, Ohio 45682

Compliance

We have audited the compliance of the Bloom Vernon Local School District (the School District), Scioto County, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

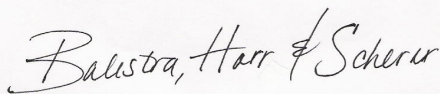
The management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in the School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School District's internal control.

Our consideration of the 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 that might be 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.

This report is intended solely for the information and use of management, members of the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 21, 2007

BLOOM VERNON LOCAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

OMB Circular A-133 Section .505

For the Fiscal Year Ended June 30, 2007

(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 internal 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 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 section .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies – CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
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
FEBRUARY 7, 2008**