



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Bloom-Vernon Local School District
Scioto County
P.O. Box 237
South Webster, Ohio 45682

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Bloom-Vernon Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Bloom-Vernon Local School District, Scioto County, Ohio, as of June 30, 2014, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Schedule of Federal Awards Receipts and Expenditures presents 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 financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 2, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

As management of the Bloom-Vernon Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. 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 2014 are as follows:

- Net Position of governmental activities increased \$413,960.
- Total assets of governmental activities increased \$234,271. This was a result of an increase in intergovernmental receivables due to the School District receiving a Straight A Grant. Cash also increased as a result of the School District receiving more State foundation revenue with the change in the funding formula offset by a small increase in expenditures.
- General revenues accounted for \$8,103,768. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$3,447,400 of total revenues in the amount of \$11,551,168.
- The School District had \$11,137,208 in expenses related to governmental activities; only \$3,447,400, 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 \$8,103,768 were adequate to provide for these programs.
- The School District's only major fund is the General Fund. The General Fund had \$9,382,879 in revenues, \$8,966,538 in expenditures. The General Fund's balance increased \$415,559.

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

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2014?" The Statement of Net Position 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 deferred outflows of resources and liabilities and deferred inflows of resources 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2014 and 2013:

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

(Table 1)
Net Position

	Governmental Activities		Increase (Decrease)
	2014	2013	
Assets			
Current Assets	\$5,143,337	\$4,337,813	\$805,524
Capital Assets, Net	15,177,523	15,748,776	(571,253)
Total Assets	<u>20,320,860</u>	<u>20,086,589</u>	<u>234,271</u>
Deferred Inflows of Resources			
Deferred Charge on Refunding	<u>3,570</u>	<u>4,165</u>	<u>(595)</u>
Liabilities			
Other Liabilities	969,621	1,027,316	(57,695)
Long-Term Liabilities	1,438,603	1,581,972	(143,369)
Total Liabilities	<u>2,408,224</u>	<u>2,609,288</u>	<u>(201,064)</u>
Deferred Inflows of Resources			
Property Taxes	<u>1,195,779</u>	<u>1,174,999</u>	<u>20,780</u>
Net Position			
Net Investment in Capital Assets	14,430,900	14,910,127	(479,227)
Restricted	1,268,237	846,374	421,863
Unrestricted	1,021,290	549,966	471,324
Total Net Position	<u>\$16,720,427</u>	<u>\$16,306,467</u>	<u>\$413,960</u>

Total assets increased \$234,271. The majority of this increase was as a result of the School District applying for additional grants compared to the prior year. In fiscal year 2014, the School District received a large Straight A Grant.

Total liabilities decreased \$201,064. Long-term liabilities decreased \$143,369 due to the annual debt payments. The School District had a decrease in other liabilities as a result of accounts and contracts payable decreasing compared to the prior fiscal year.

Total net position increased \$413,960. Restricted net position increased as a result of the School District applying for additional intergovernmental grants such as the Straight A Grant compared to the prior fiscal year. Unrestricted net position increased due to a change in the foundation funding formula resulted in the School District receiving an increase in State foundation revenues in the current fiscal year while continuing to monitor expenses.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2014 and 2013. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

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

(Table 2)
Change in Net Position

	Governmental Activities		Increase (Decrease)
	2014	2013	
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,137,210	\$1,037,692	\$99,518
Operating Grants, Contributions and Interest	2,310,190	1,904,376	405,814
Total Program Revenues	<u>3,447,400</u>	<u>2,942,068</u>	<u>505,332</u>
General Revenues:			
Property Taxes	1,227,475	1,220,469	7,006
Grants and Entitlements not Restricted to Specific Programs	6,625,138	6,087,066	538,072
Gain on Sale of Capital Assets	0	4,948	(4,948)
Contributions and Donations	2,700	10,655	(7,955)
Interest	5,243	4,882	361
Miscellaneous	243,212	241,395	1,817
Total General Revenues	<u>8,103,768</u>	<u>7,569,415</u>	<u>534,353</u>
Total Revenues	<u>\$11,551,168</u>	<u>\$10,511,483</u>	<u>\$1,039,685</u>

(continued)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

(Table 2)
Change in Net Position
(continued)

	Governmental Activities		Increase
	2014	2013	(Decrease)
Program Expenses			
Instruction:			
Regular	\$5,246,265	\$4,948,949	\$297,316
Special	1,321,060	1,247,894	73,166
Vocational	0	16,868	(16,868)
Student Intervention Services	18,077	137,427	(119,350)
Support Services:			
Pupils	307,049	307,872	(823)
Instructional Staff	421,643	590,649	(169,006)
Board of Education	41,742	31,252	10,490
Administration	912,063	881,351	30,712
Fiscal	218,210	200,767	17,443
Business	34,017	27,164	6,853
Operation and Maintenance of Plant	989,513	990,797	(1,284)
Pupil Transportation	853,352	861,657	(8,305)
Central	4,110	9,774	(5,664)
Operation of Non-Instructional Services:			
Food Service Operations	456,528	549,722	(93,194)
Other	70,639	2,069	68,570
Extracurricular Activities	208,550	200,555	7,995
Interest and Fiscal Charges	34,390	52,949	(18,559)
Total Expenses	<u>11,137,208</u>	<u>11,057,716</u>	<u>79,492</u>
Change in Net Position	413,960	(546,233)	960,193
Net Position at Beginning of Year	<u>16,306,467</u>	<u>16,852,700</u>	<u>(546,233)</u>
Net Position at End of Year	<u><u>\$16,720,427</u></u>	<u><u>\$16,306,467</u></u>	<u><u>\$413,960</u></u>

Governmental Activities

Total program revenues increased \$505,332 from the prior fiscal year. This increase was a result of the School District receiving an increase in grant revenue from the prior year. For fiscal year 2014, the School District received new funding from the Straight A Grant.

General revenues reflect an increase in the amount of \$534,353 from fiscal year 2013 to fiscal year 2014. The most significant increase was in grants and entitlements not restricted to specific programs. This increase was primarily due to an increase in State foundation.

Instruction comprises \$6,585,402 of governmental program expenses and support services make up \$3,781,699 of the School District's program expenses. Overall, program expenses increased \$79,492.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The most significant increase was in regular instruction which increased primarily due to increases in salaries and health insurance benefits.

The School District's Funds

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,053,497 and expenditures of \$10,711,709.

General Fund

The net change in fund balance for the fiscal year in the General Fund was an increase of \$415,559, which was significant. The increase was a result of the School District receiving an increase in State foundation due to the new funding formula.

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 2014, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. The General Fund had original revenue budget estimates of \$8,639,564. The original budget estimates were increased to a final budget amount of \$9,436,648 for the fiscal year. The majority of this increase was in intergovernmental revenues and was primarily related to an increase in State foundation. There was no difference in actual receipts from the final budget because the final amended certificate of estimated resources reflected actual revenue for the fiscal year-end in all funds.

The total decrease in expenditures from the original to the final budget was \$17,355 which is insignificant. There was no difference in actual expenditures made from the final budget because, prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

The School District's ending General Fund balance was \$1,918,035.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$15,177,523 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and textbooks.

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

Debt

At June 30, 2014, the School District had \$725,000 in bonds outstanding.

(Table 3)
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
1998 School Improvement Bonds	\$145,000	\$190,000
2010 School Energy Conservation Bonds	350,000	400,000
2012 Refunding Bonds	<u>230,000</u>	<u>235,000</u>
Totals	<u>\$725,000</u>	<u>\$825,000</u>

See Note 14 of the notes to the basic financial statements for more detailed information regarding the School District's long-term obligations.

Contacting the School District's Financial Management

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

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BLOOM-VERNON LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$2,844,727
Materials and Supplies Inventory	13,735
Inventory Held for Resale	8,549
Accounts Receivable	6,468
Intergovernmental Receivable	646,319
Prepaid Items	15,448
Property Taxes Receivable	1,608,091
Capital Assets:	
Land and Construction in Progress	269,130
Depreciable Capital Assets, Net	<u>14,908,393</u>
 <i>Total Assets</i>	 <u>20,320,860</u>
 <u>Deferred Outflows of Resources</u>	
Deferred Charge on Refunding	<u>3,570</u>
 <u>Liabilities:</u>	
Accounts Payable	65,481
Accrued Wages and Benefits Payable	697,825
Intergovernmental Payable	154,479
Accrued Interest Payable	6,689
Matured Compensated Absences Payable	45,147
Long-Term Liabilities:	
Due Within One Year	190,881
Due in More Than One Year	<u>1,247,722</u>
 <i>Total Liabilities</i>	 <u>2,408,224</u>
 <u>Deferred Inflows of Resources</u>	
Property Taxes	<u>1,195,779</u>
 <u>Net Position</u>	
Net Investment in Capital Assets	14,430,900
Restricted for Debt Service	265,897
Restricted for Capital Projects	234,146
Restricted for Other Purposes:	
Race to the Top Grant	101,748
Straight A Grant	310,994
Classroom Facilities	77,585
Athletics	59,243
Miscellaneous Local and Federal Grants	184,950
Set-Asides	33,674
Unrestricted	<u>1,021,290</u>
 <i>Total Net Position</i>	 <u>\$16,720,427</u>

See accompanying notes to the basic financial statements

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Total Governmental Activities	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$5,246,265	\$891,378	\$797,074	(\$3,557,813)
Special	1,321,060	82,964	951,326	(286,770)
Student Intervention Services	18,077	0	14,961	(3,116)
Support Services:				
Pupils	307,049	8,272	42,822	(255,955)
Instructional Staff	421,643	0	117,849	(303,794)
Board of Education	41,742	0	0	(41,742)
Administration	912,063	0	0	(912,063)
Fiscal	218,210	0	0	(218,210)
Business	34,017	0	0	(34,017)
Operation and Maintenance of Plant	989,513	0	0	(989,513)
Pupil Transportation	853,352	1,347	50,769	(801,236)
Central	4,110	0	0	(4,110)
Operation of Non-Instructional Services:				
Food Service Operations	456,528	121,005	335,264	(259)
Other	70,639	0	0	(70,639)
Extracurricular Activities	208,550	32,244	125	(176,181)
Interest and Fiscal Charges	34,390	0	0	(34,390)
Total Governmental Activities	\$11,137,208	\$1,137,210	\$2,310,190	(7,689,808)
<u>General Revenues:</u>				
Property Taxes Levied for:				
General Purposes				1,098,364
Debt Service				54,733
Capital Outlay				54,733
Facility Maintenance				19,645
Grants and Entitlements not Restricted to Specific Programs				6,625,138
Contributions and Donations				2,700
Interest				5,243
Miscellaneous				243,212
Total General Revenues				8,103,768
Change in Net Position				413,960
Net Position at Beginning of Year				16,306,467
Net Position at End of Year				\$16,720,427

See accompanying notes to the basic financial statements

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,129,031	\$678,994	\$2,808,025
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	36,702	0	36,702
Receivables:			
Accounts	6,468	0	6,468
Property Taxes	1,438,715	169,376	1,608,091
Intergovernmental	10,485	635,834	646,319
Interfund	22,896	0	22,896
Prepaid Items	12,417	3,031	15,448
Materials and Supplies Inventory	13,392	343	13,735
Inventory Held for Resale	0	8,549	8,549
Total Assets	\$3,670,106	\$1,496,127	\$5,166,233
<u>Liabilities:</u>			
Accounts Payable	\$62,580	\$2,901	\$65,481
Accrued Wages and Benefits Payable	587,928	109,897	697,825
Intergovernmental Payable	129,001	25,478	154,479
Interfund Payable	0	22,896	22,896
Matured Compensated Absences Payable	45,147	0	45,147
Total Liabilities	824,656	161,172	985,828
<u>Deferred Inflows of Resources:</u>			
Property Taxes	1,069,837	125,942	1,195,779
Unavailable Revenue	321,383	672,293	993,676
Total Deferred Inflows of Resources	1,391,220	798,235	2,189,455
<u>Fund Balances:</u>			
Nonspendable	28,837	3,374	32,211
Restricted	33,674	610,283	643,957
Assigned	199,600	1,687	201,287
Unassigned (Deficit)	1,192,119	(78,624)	1,113,495
Total Fund Balances	1,454,230	536,720	1,990,950
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$3,670,106	\$1,496,127	\$5,166,233

See accompanying notes to the basic financial statements

BLOOM-VERNON LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2014

Total Governmental Fund Balances		\$1,990,950
 Amounts reported for governmental activities in the Statement of Net Position 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	26,882,734	
Accumulated Depreciation	<u>(11,974,341)</u>	
Total Capital Assets		15,177,523
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	347,357	
Intergovernmental	635,834	
Accounts	<u>10,485</u>	
Total		993,676
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(6,689)
Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources, and therefore are not reported in the funds.		
		3,570
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	(725,000)	
Capital Appreciation Bond Interest Accretion	(9,671)	
Bond Premium	(15,522)	
Compensated absences	<u>(688,410)</u>	
Total liabilities		<u>(1,438,603)</u>
Net Position of Governmental Activities		<u><u>\$16,720,427</u></u>

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, 2014

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$1,096,368	\$128,957	\$1,225,325
Intergovernmental	7,063,536	1,375,051	8,438,587
Interest	5,056	372	5,428
Tuition and Fees	975,689	0	975,689
Extracurricular Activities	8,272	32,244	40,516
Charges for Sales and Services	0	121,005	121,005
Contributions and Donations	2,700	125	2,825
Miscellaneous	231,258	12,864	244,122
<i>Total Revenues</i>	<u>9,382,879</u>	<u>1,670,618</u>	<u>11,053,497</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,669,376	321,934	4,991,310
Special	804,589	444,367	1,248,956
Student Intervention Services	21,364	33	21,397
Support Services:			
Pupils	264,649	19,660	284,309
Instructional Staff	240,475	169,316	409,791
Board of Education	41,742	0	41,742
Administration	820,947	45,113	866,060
Fiscal	201,301	4,062	205,363
Business	29,822	0	29,822
Operation and Maintenance of Plant	866,639	65,116	931,755
Pupil Transportation	656,429	94,386	750,815
Central	4,110	0	4,110
Operation of Non-Instructional Services:			
Food Service Operations	0	456,528	456,528
Other	3,154	0	3,154
Extracurricular Activities	142,328	42,017	184,345
Capital Outlay	131,463	18,811	150,274
Debt Service:			
Principal Retirement	50,000	50,000	100,000
Interest and Fiscal Charges	18,150	13,828	31,978
<i>Total Expenditures</i>	<u>8,966,538</u>	<u>1,745,171</u>	<u>10,711,709</u>
Excess of Revenues Over (Under) Expenditures	<u>416,341</u>	<u>(74,553)</u>	<u>341,788</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Capital Assets	2,648	0	2,648
Transfers In	0	3,430	3,430
Transfers Out	(3,430)	0	(3,430)
<i>Total Other Financing Sources (Uses)</i>	<u>(782)</u>	<u>3,430</u>	<u>2,648</u>
<i>Net Change in Fund Balances</i>	415,559	(71,123)	344,436
<i>Fund Balances at Beginning of Year</i>	<u>1,038,671</u>	<u>607,843</u>	<u>1,646,514</u>
<i>Fund Balances at End of Year</i>	<u>\$1,454,230</u>	<u>\$536,720</u>	<u>\$1,990,950</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, 2014

Net Change in Fund Balances - Total Governmental Funds \$344,436

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

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

Capital Assets Additions	150,274	
Current Year Depreciation	(717,690)	
Excess of depreciation expense capital outlay over capital outlay		(567,416)

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

Proceeds from the sale of capital assets	(2,648)	
Loss on Disposal of Capital Assets	(1,189)	
Total		(3,837)

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 therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this year:

Delinquent Property Taxes	2,150	
Intergovernmental Accounts	496,431	
	(910)	
Total		497,671

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

Decrease in Compensated Absences 45,518

Accretion and amortization of bond premiums, the deferred loss on refunding debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.

Accretion on bonds	(4,441)	
Amortization of premium on bonds	2,292	
Amortization of loss on refunding	(595)	
Decrease in accrued interest	332	
Total		(2,412)

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 Position. In the current fiscal year, these amounts consist of:

Bond payments 100,000

Change in Net Position of Governmental Activities \$413,960

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, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Property Taxes	\$1,075,608	\$1,123,008	\$1,123,008	\$0
Intergovernmental	6,539,581	7,063,536	7,063,536	0
Interest	5,500	5,056	5,056	0
Tuition and Fees	830,321	1,008,667	1,008,667	0
Extracurricular Activities	8,200	8,350	8,350	0
Contributions and Donations	10,650	2,700	2,700	0
Miscellaneous	169,704	225,331	225,331	0
Total Revenues	8,639,564	9,436,648	9,436,648	0
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,595,332	4,704,100	4,704,100	0
Special	659,075	818,920	818,920	0
Student Intervention Services	125,125	27,546	27,546	0
Support Services:				
Pupils	276,454	265,043	265,043	0
Instructional Staff	274,795	263,878	263,878	0
Board of Education	52,812	44,836	44,836	0
Administration	796,237	802,731	802,731	0
Fiscal	193,958	208,081	208,081	0
Business	40,865	43,260	43,260	0
Operation and Maintenance of Plant	1,147,327	990,929	990,929	0
Pupil Transportation	860,573	826,870	826,870	0
Central	4,254	4,120	4,120	0
Operation of Non-Instructional Services:				
Food Service Operations	0	1,066	1,066	0
Other	150	126	126	0
Extracurricular Activities	137,653	148,264	148,264	0
Capital Outlay	500	405	405	0
Debt Service:				
Principal Retirement	50,000	50,000	50,000	0
Interest and Fiscal Charges	20,570	18,150	18,150	0
Total Expenditures	9,235,680	9,218,325	9,218,325	0
Excess of Revenues Over (Under) Expenditures	(596,116)	218,323	218,323	0
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Capital Assets	4,948	2,648	2,648	0
Advances In	168,450	29,844	29,844	0
Advances Out	0	(22,896)	(22,896)	0
Transfers Out	(40,000)	(3,430)	(3,430)	0
Total Other Financing Sources (Uses)	133,398	6,166	6,166	0
Net Change in Fund Balance	(462,718)	224,489	224,489	0
Fund Balance at Beginning of Year	1,434,343	1,434,343	1,434,343	0
Prior Year Encumbrances Appropriated	259,183	259,183	259,183	0
Fund Balance at End of Year	\$1,230,808	\$1,918,015	\$1,918,015	\$0

See accompanying notes to the basic financial statements

BLOOM-VERNON LOCAL SCHOOL DISTRICT

Statement of Fiduciary Assets and Liabilities

Agency Fund

June 30, 2014

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$17,753</u></u>
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Liabilities:

Undistributed Monies	<u><u>\$17,753</u></u>
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See accompanying notes to the basic financial statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1968 and serves an area of approximately 84 square miles. It is located in Scioto County, and includes all of the Village of South Webster and portions of Bloom and Vernon Townships. It is staffed by 41 non-certificated employees, 63 certificated full-time teaching personnel and six administrative employees who provide services to 962 students and other community members. The School District currently operates two instructional buildings.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The 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, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The School District participates in five organizations, three of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are presented in Note 16 to the basic financial statements.

These organizations are:

Jointly Governed Organizations:

South Central Ohio Computer Association Regional Council of Governments
(SCOCA)
Coalition of Rural and Appalachian Schools
Southern Ohio Academy

Public Entity Shared Risk Pool:

Optimal Health Initiatives Consortium

Insurance Purchasing Pool:

Ohio SchoolComp Workers' Compensation Group Rating Plan

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

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 more significant of the School District's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

The Statement of Net Position 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.

Fund Accounting

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

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

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

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, reimbursement of overpayment of pension costs, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.

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".

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 2014 amounted to \$5,056, which includes \$1,036 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. The School District had no investments as of June 30, 2014.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash equivalents legally required to be set aside by the School District for capital maintenance, bus purchases, and unclaimed monies held to be reclaimed by the rightful owner. See Note 17 for additional information regarding set-asides.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable". Interfund balances are eliminated in the Statement of Net Position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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.

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.

Capital Assets

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

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

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	10 - 30 years
Buildings and Improvements	10 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 15 years
Textbooks	10 years

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. State Statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. Assigned amounts in the Principals' Fund, which is included as part of the General Fund for GAAP reporting purposes, represent amounts assigned by the principals for certain curricular and extracurricular activities. In Nonmajor Governmental Funds, assigned amounts represent amounts assigned by the Treasurer for the Morning Mall Program. These individuals have been given authority to assign amounts for these purposes by the School District Board of Education.

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

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

Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Position restricted for other purposes include food service and federal and State grants restricted to expenditures for specified purposes.

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

Internal Activity

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. 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. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and is a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method, and is presented as deferred outflows of resources on the statement of net position.

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.

3. FUND BALANCES

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

3. FUND BALANCES (Continued)

Fund Balances	General	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>			
Prepays	\$12,417	\$3,031	\$15,448
Inventory	13,392	343	13,735
Unclaimed Monies	3,028	0	3,028
<i>Total Nonspendable</i>	<u>28,837</u>	<u>3,374</u>	<u>32,211</u>
<i>Restricted for</i>			
Set Asides	33,674	0	33,674
Debt Payment	0	257,078	257,078
Permanent Improvements	0	98,127	98,127
Athletics	0	59,054	59,054
Race to the Top	0	3,357	3,357
Misc. Federal Grants	0	130	130
Capital Improvements	0	120,511	120,511
Classroom Facilities	0	72,026	72,026
<i>Total Restricted</i>	<u>33,674</u>	<u>610,283</u>	<u>643,957</u>
<i>Assigned to</i>			
Purchases on Order	188,509	0	188,509
Principals' Fund	11,091	0	11,091
Morning Mall Program	0	1,687	1,687
<i>Total Assigned</i>	<u>199,600</u>	<u>1,687</u>	<u>201,287</u>
<i>Unassigned (Deficit)</i>	<u>1,192,119</u>	<u>(78,624)</u>	<u>1,113,495</u>
<i>Total Fund Balances</i>	<u><u>\$1,454,230</u></u>	<u><u>\$536,720</u></u>	<u><u>\$1,990,950</u></u>

4. ACCOUNTABILITY

The Food Service, Early Childhood Education, Title VI-B, Title I and Title II-A Special Revenue Funds had deficit fund balances in the amount of \$31,460, \$3,118, \$12,768, \$18,133 and \$13,145, respectively, as of June 30, 2014. The deficits in fund balances were due to accruals in GAAP. The General Fund is liable for any deficit in these funds and will provide transfers when cash is required not when accruals occur.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$415,559
Adjustments:	
Revenue Accruals	53,769
Expenditure Accruals	(4,069)
Encumbrances	(247,718)
Advances	6,948
Budget Basis	\$224,489

6. DEPOSITS AND INVESTMENTS

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The Scioto County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 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, 2014, 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 inflows of resources - property taxes.

The amount available as an advance at June 30, 2014, was \$57,980 in the General Fund and \$6,975 in other Nonmajor Governmental Funds. The amount available as an advance at June 30, 2013, was \$84,620 in the General Fund and \$9,886 in other Nonmajor Governmental Funds.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue; while on a modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

7. PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$48,966,160	77.84%	\$52,069,310	78.39%
Public Utility Personal	13,940,890	22.16%	14,356,400	21.61%
Total Assessed Value	\$62,907,050	100.00%	\$66,425,710	100.00%

Tax rate per \$1,000 of assessed valuation	\$22.80	\$22.80
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8. RECEIVABLES

Receivables at June 30, 2014, consisted of accounts, property taxes, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. 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:

	Amounts
<u>Governmental Activities:</u>	
Title I	\$14,285
IDEA-B	20,106
Rural and Low Income	1,097
Title II-A	166,593
Race to the Top	98,391
Early Childhood Education	24,368
Pension Reimbursement	10,485
Straight A	310,994
Total Intergovernmental Receivables	\$646,319

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at 6/30/13	Additions	Deductions	Balance at 6/30/14
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$269,130	\$0	\$0	\$269,130
Capital Assets Being Depreciated:				
Land Improvements	752,467	0	0	752,467
Buildings and Improvements	23,385,875	30,256	0	23,416,131
Furniture, Fixtures and Equipment	1,676,259	42,694	(18,083)	1,700,870
Vehicles	906,299	77,324	(74,654)	908,969
Textbooks	104,297	0	0	104,297
Total Capital Assets				
Being Depreciated	26,825,197	150,274	(92,737)	26,882,734
Less Accumulated Depreciation:				
Land Improvements	(266,987)	(30,830)	0	(297,817)
Buildings and Improvements	(8,942,496)	(598,261)	0	(9,540,757)
Furniture, Fixtures and Equipment	(1,363,882)	(57,678)	14,246	(1,407,314)
Vehicles	(670,685)	(30,236)	74,654	(626,267)
Textbooks	(101,501)	(685)	0	(102,186)
Total Accumulated Depreciation	(11,345,551)	(717,690) *	88,900	(11,974,341)
Total Capital Assets Being Depreciated, Net	15,479,646	(567,416)	(3,837)	14,908,393
Governmental Activities				
Capital Assets, Net	\$15,748,776	(\$567,416)	(\$3,837)	\$15,177,523

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. CAPITAL ASSETS (Continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$275,774
Special	78,003
Support Services:	
Pupils	24,426
Instructional Staff	30,484
Administration	44,636
Fiscal	9,983
Business	3,006
Operation and Maintenance of Plant	54,046
Pupil Transportation	103,328
Operation of Non-Instructional Services:	
Food Service Operations	69,799
Extracurricular Activities	24,205
Total Depreciation Expense	\$717,690

10. RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the School District maintained comprehensive insurance coverage with Argonaut Insurance Company for liability, property, auto, and crime insurance. The School District paid its premium to Governmental Underwriters of America, an agent for Argonaut Insurance Company.

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

Employee Medical and Dental Benefits

The School District participates in the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool (Note 16), consisting of school districts whose insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays that claims on the School District's behalf.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

10. RISK MANAGEMENT (Continued)

Workers' Compensation

For fiscal year 2014, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

11. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$133,031, \$137,582, and \$141,688, respectively. For fiscal year 2014, 76.93 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

State Teachers Retirement System of Ohio

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 9.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$503,429, \$511,027, and \$503,633, respectively. For fiscal year 2014, 85.15 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2014 were \$124 made by the School District and \$158 made by the plan members. In addition, member contributions of \$6,224 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$20,338 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$21,760, \$21,671, and \$18,255, respectively. For fiscal year 2014, 76.93 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012, were \$7,718, \$9,977, and \$8,103, respectively. For fiscal year 2014, 76.93 percent was contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

State Teachers Retirement System of Ohio

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$38,725, \$39,310, and \$38,741 respectively. For fiscal year 2014, 85.15 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

13. EMPLOYEE BENEFITS

Compensated Absences

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

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

Insurance Benefits

The School District provides health care and dental coverage for its employees through Medical Mutual of Ohio through the Optimal Health Initiatives Consortium, vision coverage through Vision Service Plan, and life insurance through American United Life Insurance Co.

Deferred Compensation

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

14. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2014 were as follows:

	Amount Outstanding 6/30/13	Additions	Deductions	Amount Outstanding 6/30/14	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
1998 School Improvement Bonds - 5.70 - 5.85%	\$190,000	\$0	\$45,000	\$145,000	\$45,000
2010 School Energy Conservation Bonds - 4.84%	400,000	0	50,000	350,000	50,000
2012 Refunding Bonds					
Term Bonds 1.40 - 2.10%	205,000	0	5,000	200,000	5,000
Capital Appreciation Bonds 12.56%	30,000	0	0	30,000	0
Accretion on Capital Appreciation Bonds	5,230	4,441	0	9,671	0
Premium on Bonds	17,814	0	2,292	15,522	0
Total General Obligation Bonds	848,044	4,441	102,292	750,193	100,000
Compensated Absences	733,928	77,408	122,926	688,410	90,881
Total Governmental Activities Long-Term Obligations	<u>\$1,581,972</u>	<u>\$81,849</u>	<u>\$225,218</u>	<u>\$1,438,603</u>	<u>\$190,881</u>

1998 School Improvement Bonds - On December 1, 1998, Bloom-Vernon Local School District issued \$865,100 in voted general obligation bonds for the construction of a new elementary school and for an addition to the high school building. The bonds were issued for a 23 year period with final maturity at December 31, 2020. The bonds will be retired from the Debt Service Fund. During fiscal year 2012, the School District current refunded \$240,000 in bonds. The refunded portion of the bonds were removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the Debt Service Fund using tax revenues. The original bonds were issued for a twenty-two years period with a final maturity at December 1, 2020, and after the current refunding the remaining bonds have a final maturity at December 1, 2016.

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

2012 Refunding Bonds - On March 22, 2012, the School District issued \$240,000 in General Obligation Refunding Bonds that were issued to partially refund the 1998 School Improvement General Obligation Bonds. The bonds were issued for a nine year period with final maturity at December 2, 2020. The \$240,000 bond issue consists of term bonds in the amount of \$210,000 and capital appreciation bonds in the amount of \$30,000. The bonds were issued at a premium in the amount of \$20,628.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

The partial current refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$4,957. This difference is being reported in the accompanying financial statements as a deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method.

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

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2015	\$5,000
2016	5,000
2017	5,000
Total	<u><u>\$15,000</u></u>

The term bonds due on December 1, 2020 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2013 and each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts as follows:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2019	\$60,000
2020	60,000
2021	65,000
Total	<u><u>\$185,000</u></u>

Principal and interest requirements to retire the long-term general obligation bonds, school energy conservation bonds, and refunding bonds outstanding at June 30, 2014, are as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$100,000	\$11,193	\$111,193
2016	105,000	8,378	113,378
2017	105,000	5,383	110,383
2018	80,000	33,885	113,885
2019	110,000	3,255	113,255
2020-2021	225,000	2,677	227,677
Total	\$725,000	\$64,771	\$789,771

Compensated absences will be paid from the General Fund.

The overall legal debt margin was \$5,860,392 with an unvoted debt margin of \$66,426, and an Energy Conservation debt margin of \$247,831 at June 30, 2014.

15. INTERFUND ACTIVITY

Advances

Interfund balances at June 30, 2014, consist of the following individual interfund receivable and payable:

Payable	Receivable
	<u>General Fund</u>
Nonmajor Governmental Funds	\$22,896

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

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2014, were as follows:

Transfers To	Transfers From
	<u>General</u>
Nonmajor Governmental Funds	\$3,430

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

15. INTERFUND ACTIVITY (Continued)

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. During fiscal year 2014, \$3,430 was transferred from the General Fund to the Food Service Special Revenue Fund.

16. JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL

Jointly Governed Organizations

South Central Ohio Computer Association Regional Council of Governments (SCOCA)

The School District is a participant in the South Central Ohio Computer Association Regional Council of Governments (SCOCA), which is organized under ORC Code Chapter 167 as a regional council of governments. SCOCA is an association of public Educational Service Centers within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence 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 Educational Service Centers. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCA including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SCOCA \$93,266 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Regional Council of Governments, Sandra Benson, Fiscal Officer, at P.O. Box 596, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2014, the School District made a payment of \$355 to the Coalition for a membership fee. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL (Continued)

Southern Ohio Academy

The School District is a participant in the Southern Ohio Academy, a jointly governed, non-profit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The Academy operates under the direction of a nine-member Board of Directors. The Board membership consists of superintendents from Bloom-Vernon, Clay, Green, Manchester, Minford, Northwest, Oak Hill, Valley, Washington Nile, and Wheelersburg school districts. Because ORC requires an odd number of members, the Board has determined that Board membership will rotate annually with one school district not being represented each year. The Academy was formed to offer students a non-traditional approach for reaching educational goals and to enhance and facilitate student learning among nontraditional student populations while utilizing a variety of innovative resources and educational strategies, which are customized to meet the needs of individual students. The Board exercises total control over the operations of the Academy including budget, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Financial information can be obtained from Andrew T. Riehl, fiscal agent for the Southern Ohio Academy, at the South Central Ohio Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662, or by calling 740-354-0234.

Public Entity Shared Risk Pool

Optimal Health Initiatives Consortium

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

Insurance Purchasing Pool

Ohio SchoolComp Workers' Compensation Group Rating Plan

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

17. SET-ASIDE CALCULATIONS

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

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

	Capital Acquisitions
Set-aside Balance as of June 30, 2013	\$21,337
Current Fiscal Year Set-aside Requirement	156,625
Current Fiscal Year Offsets	(127,891)
Qualifying Disbursements	(16,397)
Set-aside Balance as of June 30, 2014	\$33,674
Required Set-aside Balances Carried Forward to Fiscal Year 2015	\$33,674

The School District's offsets and qualifying expenditures during the fiscal year did not reduce the set-aside amount below zero for capital acquisitions; therefore, this amount will be carried forward to fiscal year 2015. This amount is shown on the Balance Sheet for Governmental Funds as Restricted Assets Equity in Pooled Cash and Cash Equivalents. In previous fiscal years, the School District was required to have a textbook requirement.

18. CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

Litigation

The School District is not a party to any legal proceeding as of June 30, 2014.

BLOOM-VERNON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

19. SIGNIFICANT COMMITMENTS

Encumbrances

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

General Fund	\$247,718
Nonmajor Governmental Funds	73,589
Total	<u>\$321,307</u>

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ Pass Through Grantor Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	2014	10.553	\$ 114,582	\$ 114,582
National School Lunch Program	2014	10.555	<u>221,169</u>	<u>221,169</u>
Total Child Nutrition Cluster			<u>335,751</u>	<u>335,751</u>
Total U.S. Department of Agriculture			335,751	335,751
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2013	84.010	33,997	34,425
	2014		<u>258,228</u>	<u>236,423</u>
Total Title I Grants to Local Educational Agencies			<u>292,225</u>	<u>270,848</u>
Special Education Grants to States	2013	84.027	25,789	26,527
	2014		<u>181,374</u>	<u>166,755</u>
Total Special Education Grants to States			<u>207,163</u>	<u>193,282</u>
Rural Education	2013	84.358	(507)	0
	2014		<u>17,377</u>	<u>17,243</u>
Total Rural Education			<u>16,870</u>	<u>17,243</u>
Improving Teacher Quality State Grants	2013	84.367	10,758	1,463
	2014		<u>70,771</u>	<u>64,717</u>
Total Improving Teacher Quality State Grants			<u>81,529</u>	<u>66,180</u>
Teacher Incentive Fund Cluster:				
Teacher Incentive Fund	2013	84.374A	26,337	15,801
	2014		<u>91,846</u>	<u>97,369</u>
Total Teacher Incentive Fund			<u>118,183</u>	<u>113,170</u>
ARRA - Teacher Incentive Fund	2013	84.385A	20,616	19,951
	2014		<u>15,752</u>	<u>15,752</u>
Total ARRA - Teacher Incentive Fund			<u>36,368</u>	<u>35,703</u>
Total Teacher Incentive Fund Cluster			<u>154,551</u>	<u>148,873</u>
ARRA - Race to the Top	2013	84.395A	33,592	39,592
ARRA - Race to the Top	2014		9,547	13,822
ARRA - Race to the Top - Ohio Appalachian Collaborative	2013		(4,303)	19,463
ARRA - Race to the Top - Ohio Appalachian Collaborative	2014		<u>124,167</u>	<u>112,156</u>
Total ARRA - Race to the Top			<u>163,003</u>	<u>185,033</u>
Total U.S. Department of Education			<u>915,341</u>	<u>881,459</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,251,092</u>	<u>\$ 1,217,210</u>

The accompanying notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Bloom-Vernon Local School District's (the School District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D – TRANSFERS BETWEEN GRANT YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from 2013 to 2014 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2013 to 2014</u>
Rural Education	84.358	\$ 507
Improving Teacher Quality State Grant	84.367	\$1,831

NOTE E – REFUND OF GRANT MONIES

During 2014, the School District refunded the Ohio Department of Education \$4,302.94, via check #64609, dated October 3, 2013) for the cash balance remaining on the 2013 Race to the Top Ohio Appalachian Collaborative grant (cfda #84.395A). The refund resulted in the Schedule reporting negative receipts.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Bloom-Vernon Local School District
Scioto County
P.O. Box 237
South Webster, Ohio 45682

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Bloom-Vernon Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 2, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a misstatement of the School District's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of the Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 2, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Bloom-Vernon Local School District
Scioto County
P.O. Box 237
South Webster, Ohio 45682

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Bloom-Vernon Local School District's, Scioto County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Bloom-Vernon Local School District's major federal programs for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Bloom-Vernon Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 2, 2015

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies: CFDA #84.010 Special Education – Grants to States (IDEA, Part B): CFDA #84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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BLOOM VERNON LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 19, 2015**