



**BLOOM VERNON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Bloom Vernon Local School District
Scioto County
Post Office Box 237
South Webster, Ohio 45682

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Bloom Vernon Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bloom Vernon Local School District, Scioto County, as of June 30, 1999, and the results of its operations and the cash flows of its enterprise fund for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3 to the accompanying general purpose financial statements, during the year ended June 30, 1999, the School District changed its method of accounting and financial reporting for its Internal Revenue Code Section 457 Deferred Compensation Plans.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 20, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

JIM PETRO
Auditor of State

January 20, 2000

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**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$594,381	\$220,521	\$95,588	\$4,125,173
Receivables:				
Taxes	683,859	17,074	199,837	34,648
Accounts	1,213	0	0	0
Intergovernmental	1,802	127,255	0	0
Accrued Interest	17,381	0	0	0
Interfund	1,510	0	0	0
Prepaid Items	14,031	0	0	0
Materials and Supplies Inventory	29,482	2,016	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	95,517	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u><u>\$1,439,176</u></u>	<u><u>\$366,866</u></u>	<u><u>\$295,425</u></u>	<u><u>\$4,159,821</u></u>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$6,638	\$18,151	\$0	\$0	\$5,060,452
0	0	0	0	935,418
0	0	0	0	1,213
0	0	0	0	129,057
0	0	0	0	17,381
0	0	0	0	1,510
0	0	0	0	14,031
366	0	0	0	31,864
9,278	0	0	0	9,278
0	0	0	0	95,517
40,391	0	6,147,074	0	6,187,465
0	0	0	116,483	116,483
0	0	0	1,839,104	1,839,104
<u>\$56,673</u>	<u>\$18,151</u>	<u>\$6,147,074</u>	<u>\$1,955,587</u>	<u>\$14,438,773</u>

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities:				
Accounts Payable	\$54,968	\$1,278	\$0	\$59,963
Contracts Payable	5,565	0	0	412,825
Retainage Payable	4,420	0	0	25,027
Accrued Wages and Benefits Payable	451,825	93,607	0	0
Intergovernmental Payable	101,935	16,252	0	0
Interfund Payable	0	1,510	0	0
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Deferred Revenue	609,256	15,225	178,942	30,950
Compensated Absences Payable	24,856	0	0	0
Early Retirement Incentive Payable	5,000	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	1,257,825	127,872	178,942	528,765
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	49,414	11,718	0	554,280
Reserved for Inventory	29,482	2,016	0	0
Reserved for Property Taxes	74,603	1,849	20,895	3,698
Reserved for Budget Stabilization	69,654	0	0	0
Reserved for Bus Purchases	25,863	0	0	0
Unreserved (Deficit)	(67,665)	223,411	95,588	3,073,078
Total Fund Equity (Deficit) and Other Credits	181,351	238,994	116,483	3,631,056
Total Liabilities, Fund Equity and Other Credits	\$1,439,176	\$366,866	\$295,425	\$4,159,821

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$0	\$0	\$0	\$0	\$116,209
0	0	0	0	418,390
0	0	0	0	29,447
27,028	0	0	0	572,460
10,999	0	0	49,009	178,195
0	0	0	0	1,510
0	11,244	0	0	11,244
0	6,907	0	0	6,907
7,239	0	0	0	841,612
30,807	0	0	370,463	426,126
0	0	0	5,000	10,000
0	0	0	86,015	86,015
0	0	0	1,445,100	1,445,100
<u>76,073</u>	<u>18,151</u>	<u>0</u>	<u>1,955,587</u>	<u>4,143,215</u>
0	0	6,147,074	0	6,147,074
(19,400)	0	0	0	(19,400)
0	0	0	0	615,412
0	0	0	0	31,498
0	0	0	0	101,045
0	0	0	0	69,654
0	0	0	0	25,863
0	0	0	0	3,324,412
<u>(19,400)</u>	<u>0</u>	<u>6,147,074</u>	<u>0</u>	<u>10,295,558</u>
<u>\$56,673</u>	<u>\$18,151</u>	<u>\$6,147,074</u>	<u>\$1,955,587</u>	<u>\$14,438,773</u>

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COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Property Taxes	\$646,578	\$15,703	\$182,720	\$31,699	\$876,700
Tuition and Fees	1,960	0	0	0	1,960
Interest	70,975	0	0	59,758	130,733
Intergovernmental	4,996,253	1,043,911	21,347	4,697,994	10,759,505
Extracurricular Activities	0	76,589	0	0	76,589
Gifts and Donations	50,000	25	0	0	50,025
Miscellaneous	10,303	9,078	0	0	19,381
Total Revenues	5,776,069	1,145,306	204,067	4,789,451	11,914,893
Expenditures:					
Current:					
Instruction:					
Regular	2,299,940	278,599	0	0	2,578,539
Special	376,800	435,802	0	0	812,602
Vocational	64,734	0	0	0	64,734
Adult/Continuing	0	52,951	0	0	52,951
Other	114,755	0	0	0	114,755
Support Services:					
Pupils	201,439	82,278	0	0	283,717
Instructional Staff	203,817	105,851	0	78,371	388,039
Board of Education	22,488	0	0	0	22,488
Administration	633,705	2,041	16,916	2,815	655,477
Fiscal	122,815	6,750	4,501	743	134,809
Business	33,080	0	0	0	33,080
Operation and Maintenance of Plant	631,473	415	0	0	631,888
Pupil Transportation	578,820	395	0	0	579,215
Central	8,037	18,631	0	0	26,668
Non-Instructional Services	0	3,279	0	0	3,279
Extracurricular Activities	90,942	20,750	0	0	111,692
Capital Outlay	53,223	1,819	0	2,016,531	2,071,573
Debt Service:					
Principal Retirement	3,745	0	74,469	0	78,214
Interest and Fiscal Charges	38	0	100,928	2,101	103,067
Intergovernmental	0	28,128	0	0	28,128
Total Expenditures	5,439,851	1,037,689	196,814	2,100,561	8,774,915
Excess of Revenues Over Expenditures	336,218	107,617	7,253	2,688,890	3,139,978
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	2,001	0	0	0	2,001
Proceeds from Sale of Bonds	0	0	0	865,100	865,100
Operating Transfers - In	43,866	13,867	20,327	1,579	79,639
Operating Transfers - Out	(70,893)	0	0	(8,746)	(79,639)
Total Other Financing Sources (Uses)	(25,026)	13,867	20,327	857,933	867,101
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	311,192	121,484	27,580	3,546,823	4,007,079
Fund Balance (Deficit) at Beginning of Year	(128,217)	116,675	88,903	84,233	161,594
Increase (Decrease) in Reserve for Inventory	(1,624)	835	0	0	(789)
Fund Balances at End of Year	\$181,351	\$238,994	\$116,483	\$3,631,056	\$4,167,884

See accompanying notes to the general purpose financial statements

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$644,699	\$644,699	\$0	\$15,657	\$15,657	\$0
Tuition and Fees	1,960	1,960	0	0	0	0
Interest	55,076	55,076	0	0	0	0
Intergovernmental	4,997,107	4,997,107	0	1,032,567	960,392	(72,175)
Extracurricular Activities	0	0	0	76,589	76,589	0
Gifts and Donations	50,000	50,000	0	25	25	0
Miscellaneous	7,771	7,771	0	9,838	9,838	0
Total Revenues	5,756,613	5,756,613	0	1,134,676	1,062,501	(72,175)
Expenditures:						
Current:						
Instruction:						
Regular	2,282,956	2,282,956	0	296,521	296,521	0
Special	383,266	383,266	0	439,159	439,159	0
Vocational	73,290	73,290	0	0	0	0
Adult / Continuing	0	0	0	44,975	44,975	0
Other	145,455	145,455	0	0	0	0
Support Services:						
Pupils	196,760	196,760	0	83,882	83,882	0
Instructional Staff	198,844	198,844	0	102,610	102,610	0
Board of Education	23,569	23,569	0	0	0	0
Administration	622,742	622,742	0	2,039	2,039	0
Fiscal	125,316	125,316	0	6,758	6,758	0
Business	33,202	33,202	0	0	0	0
Operation and Maintenance of Plant	649,507	649,507	0	414	414	0
Pupil Transportation	570,572	570,572	0	394	394	0
Central	7,485	7,485	0	18,867	18,867	0
Non-Instructional Services	9	9	0	3,279	3,279	0
Extracurricular Activities	94,221	94,221	0	21,966	21,966	0
Capital Outlay	69,389	69,389	0	3,451	3,451	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	5,476,583	5,476,583	0	1,024,315	1,024,315	0
Excess of Revenues Over (Under) Expenditures	280,030	280,030	0	110,361	38,186	(72,175)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	2,001	2,001	0	0	0	0
Proceeds from Sale of Notes	0	0	0	0	0	0
Proceeds from Sale of Bonds	0	0	0	0	0	0
Refund of Prior Year Expenditures	1,320	1,320	0	0	0	0
Operating Transfers - In	43,866	43,866	0	13,867	13,867	0
Operating Transfers - Out	(74,092)	(74,092)	0	0	0	0
Advances - In	0	0	0	1,510	1,510	0
Advances - Out	(1,510)	(1,510)	0	0	0	0
Total Other Financing Sources (Uses)	(28,415)	(28,415)	0	15,377	15,377	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	251,615	251,615	0	125,738	53,563	(72,175)
Fund Balances at Beginning of Year	253,978	253,978	0	121,155	121,155	0
Prior Year Encumbrances Appropriated	70,514	70,514	0	27,771	27,771	0
Fund Balances at End of Year	\$576,107	\$576,107	\$0	\$274,664	\$202,489	(\$72,175)

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$183,102	\$183,102	\$0	\$31,607	\$31,607	\$0	\$875,065	\$875,065	\$0
0	0	0	0	0	0	1,960	1,960	0
0	0	0	57,657	57,657	0	112,733	112,733	0
21,347	21,347	0	4,773,962	4,697,994	(75,968)	10,824,983	10,676,840	(148,143)
0	0	0	0	0	0	76,589	76,589	0
0	0	0	0	0	0	50,025	50,025	0
0	0	0	0	0	0	17,609	17,609	0
204,449	204,449	0	4,863,226	4,787,258	(75,968)	11,958,964	11,810,821	(148,143)
0	0	0	0	0	0	2,579,477	2,579,477	0
0	0	0	0	0	0	822,425	822,425	0
0	0	0	0	0	0	73,290	73,290	0
0	0	0	0	0	0	44,975	44,975	0
0	0	0	0	0	0	145,455	145,455	0
0	0	0	0	0	0	280,642	280,642	0
0	0	0	85,452	85,452	0	386,906	386,906	0
0	0	0	0	0	0	23,569	23,569	0
16,916	16,916	0	2,815	2,815	0	644,512	644,512	0
4,715	4,715	0	743	743	0	137,532	137,532	0
0	0	0	0	0	0	33,202	33,202	0
0	0	0	0	0	0	649,921	649,921	0
0	0	0	0	0	0	570,966	570,966	0
0	0	0	0	0	0	26,352	26,352	0
0	0	0	0	0	0	3,288	3,288	0
0	0	0	0	0	0	116,187	116,187	0
0	0	0	2,563,854	2,563,854	0	2,636,694	2,636,694	0
941,669	941,669	0	0	0	0	941,669	941,669	0
100,928	100,928	0	0	0	0	100,928	100,928	0
1,064,228	1,064,228	0	2,652,864	2,652,864	0	10,217,990	10,217,990	0
(859,779)	(859,779)	0	2,210,362	2,134,394	(75,968)	1,740,974	1,592,831	(148,143)
0	0	0	0	0	0	2,001	2,001	0
867,200	867,200	0	0	0	0	867,200	867,200	0
0	0	0	865,100	865,100	0	865,100	865,100	0
0	0	0	0	0	0	1,320	1,320	0
20,327	20,327	0	1,579	1,579	0	79,639	79,639	0
0	0	0	(8,746)	(8,746)	0	(82,838)	(82,838)	0
0	0	0	0	0	0	1,510	1,510	0
0	0	0	0	0	0	(1,510)	(1,510)	0
887,527	887,527	0	857,933	857,933	0	1,732,422	1,732,422	0
27,748	27,748	0	3,068,295	2,992,327	(75,968)	3,473,396	3,325,253	(148,143)
67,626	67,626	0	80,637	80,637	0	523,396	523,396	0
0	0	0	114	114	0	98,399	98,399	0
\$95,374	\$95,374	\$0	\$3,149,046	\$3,073,078	(\$75,968)	\$4,095,191	\$3,947,048	(\$148,143)

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Food Service
Operating Revenues:	
Sales	\$111,651
Total Operating Expenses	111,651
Operating Expenses:	
Salaries and Wages	154,472
Fringe Benefits	58,592
Purchased Services	730
Supplies and Materials	3,872
Cost of Sales	114,925
Other	236
Depreciation	10,400
Total Operating Expenses	343,227
Operating Loss	(231,576)
Non-Operating Revenues:	
Interest	82
Federal and State Subsidies	166,083
Donated Commodities	27,715
Total Non-Operating Revenues	193,880
Net Loss	(37,696)
Retained Earnings at Beginning of Year	18,296
Retained Earnings (Deficit) at End of Year	(\$19,400)

See accompanying notes to the general purpose financial statements.

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Food Service		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$111,651	\$111,651	\$0
Interest	82	82	0
Federal and State Subsidies	166,083	166,083	0
Total Revenues	277,816	277,816	0
Expenses:			
Salaries and Wages	142,950	142,950	0
Fringe Benefits	55,199	55,199	0
Purchased Services	731	731	0
Materials and Supplies	89,079	89,079	0
Other	236	236	0
Total Expenses	288,195	288,195	0
Excess of Revenues Under Expenses	(10,379)	(10,379)	0
Fund Equity at Beginning of Year	15,675	15,675	0
Fund Equity at End of Year	\$5,296	\$5,296	\$0

See accompanying notes to the general purpose financial statements.

**STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Increase (Decrease) in Cash and Cash Equivalents:	<u>Food Service</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$111,651
Cash Payments to Employees for Services and Benefits	(198,149)
Cash Payments to Suppliers for Goods and Services	(88,468)
Cash Payments for Other Operating Expenses	<u>(236)</u>
Net Cash Used for Operating Activities	(175,202)
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	166,083
Cash Flows from Investing Activities:	
Interest on Investments	<u>82</u>
Net Decrease in Cash and Cash Equivalents	(9,037)
Cash and Cash Equivalents at Beginning of Year	<u>15,675</u>
Cash and Cash Equivalents at End of Year	<u><u>\$6,638</u></u>
Reconciliation of Operating Loss to Net	
Cash Used for Operating Activities:	
Operating Loss	(\$231,576)
Adjustments to Reconcile Operating Loss	
to Net Cash Used for Operating Activities:	
Depreciation	10,400
Donated Commodities Received	27,715
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	(104)
Decrease in Inventory Held for Resale	3,448
Increase in Accrued Wages and Benefits	1,295
Increase in Intergovernmental Payable	2,794
Increase in Compensated Absences Payable	<u>10,826</u>
Net Cash Used for Operating Activities	<u>(\$175,202)</u>

See accompanying notes to the general purpose financial statements.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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/or federal guidelines.

The School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 84 square miles. It is located in Scioto County, and includes all of the Village of South Webster and portions of Bloom and Vernon Townships. It is staffed by 54 non-certificated employees, 79 certificated full-time teaching personnel and 6 administrative employees who provide services to 1,156 students and other community members. The School District currently operates three instructional buildings and one administrative building.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Bloom Vernon Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these organizations nor are they fiscally dependent on the District:

- * Pilasco - Ross
- * Boosters Clubs
- * Parent - Teacher Organizations
- * Village of South Webster

The School District is associated with 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 the South Central Ohio Computer Association (SCOCA), the Scioto County Joint Vocational School, the Coalition of Rural and Appalachian Schools, the Scioto County Regional Council of Governments, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19, 20, and 21 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

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

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's only proprietary fund type:

Enterprise Fund - The enterprise fund is used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary fund.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary fund.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The School District has no contributed capital. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for an advance, interest, tuition, grants, and student fees.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred, if measurable. There were no unbilled charges receivable at fiscal year end. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Because the activity of agency funds is not budgeted, transfers-in and transfers-out do not equal on a budgetary basis due to a transfer of \$3,199 to an agency fund from the general fund.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Scioto County Budget Commission for rate determination.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999. At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, three supplemental appropriations were legally enacted, however none were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. Prior to year-end, the School District passed a supplemental appropriation that reflected actual expenditures for the fiscal year.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 1999, the School District's investments were limited to certificates of deposit and a savings account. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

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 1999 amounted to \$70,975, which includes \$40,323 assigned from other School District funds. The capital projects funds and the enterprise fund also received interest revenue of \$59,758 and \$82, respectively. For purposes of the statement of cash flows and for presentation on the combined balance sheet, 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 considered to be cash equivalents.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food and purchased food and are expended when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, 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 year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are depreciated. Depreciation is computed using the straight-line method over a useful life of forty years for buildings, twenty to twenty-five years for improvements, four to ten years for vehicles, and ten years for textbooks. Depreciation of furniture and equipment in the enterprise fund and in the general fixed assets account group is computed using the straight-line method over an estimated useful life of five to twenty years.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements (to the extent they are intended to finance the current fiscal year) and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Venture Capital
- Education Management Information Systems
- Disadvantaged Pupil Impact Aid
- Partnership 2000
- Parent Involvement
- Title I
- Title II
- Title VI
- Title VI-B
- Drug-Free Schools
- Goals 2000 Intervention
- Professional Development Block Grant
- Textbooks

Capital Projects Funds

- Emergency School Repair
- Classroom Facilities
- School Net
- School Net Plus
- Technology Equity

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

Grants and entitlements received in governmental fund amounted to approximately 90 percent of the governmental fund revenue during the 1999 fiscal year.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables" on the balance sheet.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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. Sick leave benefits are accrued as a liability using the termination payment 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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions, and early retirement incentive that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due.

Obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set aside by the School District to create a reserve for budget stabilization. See Note 23 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. Fund Balance Reserves

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves (Continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set aside by statute to protect against cyclical changes in revenues and expenditures.

O. 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.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 1999, the School District implemented GASB Statement No. 32, "*Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*". This statement eliminates the requirement that the School District report plan assets in an agency fund if the plan has established a trust fund whose assets are not held by the School District in a fiduciary capacity. The Ohio Public Employees Deferred Compensation Plan has established a trust fund and the amounts are no longer reported on the School District's balance sheet as of June 30, 1999.

NOTE 4 - ACCOUNTABILITY

At June 30, 1999, the Professional Development Block Grant, Educational Management Information Systems, Disadvantage Pupil Impact Aid, SchoolNet Professional Development, and Title VI Special Revenue funds had deficit fund balances of \$16, \$2,841, \$22,023, \$4, and \$37, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Enterprise Fund are presented 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).

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$311,192	\$121,484	\$27,580	\$3,546,823
Revenue Accruals	(18,136)	(82,806)	382	(2,193)
Expenditure Accruals	73,860	31,407	0	499,792
Encumbrances	(113,791)	(18,032)	(214)	(1,052,095)
Advances	(1,510)	1,510	0	0
Budget Basis	\$251,615	\$53,563	\$27,748	\$2,992,327

Net Loss/Excess of Revenues Under Expenses
Enterprise Fund

	Food Service
GAAP Basis	(\$37,696)
Expense Accruals	18,259
Depreciation Expense	10,400
Encumbrances	(1,342)
Budget Basis	(\$10,379)

NOTE 6 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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 accounts, including passbook accounts.

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

State statute permits interim monies to 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 obligations or securities issued by the 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$5,155,969 and the bank balance was \$5,237,136. Of the bank balance, \$100,000 was covered by federal depository insurance and \$5,137,136 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District had no investments at year-end.

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District 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 distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true 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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 7 - PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$19,531,240	65.92%	\$24,557,150	68.95%
Public Utility	106,160	0.36%	123,430	0.35%
Tangible Personal Property	9,991,410	33.72%	10,935,280	30.70%
Total Assessed Value	<u>\$29,628,810</u>	<u>100.00%</u>	<u>\$35,615,860</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$33.07		\$32.82	

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$74,603 in the General Fund, \$1,849 in the Classroom Facilities Maintenance Special Revenue fund, \$20,895 in the Debt Service fund, and \$3,698 in the Permanent Improvement Capital Projects Fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (tuition and student fees), accrued interest, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Adult Basic Literacy Education Program	<u>\$1,802</u>
Special Revenue Funds	
Title I	105,058
Title VI B	<u>22,197</u>
Total Special Revenue Funds	<u>127,255</u>
Total Intergovernmental Receivables	<u><u>\$129,057</u></u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 9 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$142,415
Less Accumulated Depreciation	<u>(102,024)</u>
Net Fixed Assets	<u><u>\$40,391</u></u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$269,130	\$0	\$0	\$269,130
Buildings and Improvements	5,869,721	6,000	25,073	5,850,648
Furniture, Fixtures and Equipment	1,291,268	84,612	57,077	1,318,803
Vehicles	810,821	58,000	24,170	844,651
Books and Educational Media	472,770	4,165	0	476,935
Construction in Progress	<u>0</u>	<u>1,692,022</u>	<u>0</u>	<u>1,692,022</u>
Totals	<u><u>\$8,713,710</u></u>	<u><u>\$1,844,799</u></u>	<u><u>\$106,320</u></u>	10,452,189
Accumulated Depreciation				<u>(4,305,115)</u>
Total General Fixed Assets				<u><u>\$6,147,074</u></u>

NOTE 10 - RISK MANAGEMENT

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 1999, the School District contracted with Wausau Business Insurance Company for liability insurance coverage and with Nationwide Insurance for property, fleet and inland marine coverage. Coverages provided by Wausau Business Insurance Company and Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$16,384,500
Inland Marine Coverage (\$500 deductible)	11,959
Boiler and Machinery (\$500 deductible)	7,440,600
Crime Insurance	5,000
Automobile Liability (\$1,000 deductible)	4,000,000
Uninsured Motorists (\$250 deductible)	500,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 10 - RISK MANAGEMENT (Continued)

The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool (Note 20), consisting of school districts within the County offering medical and dental insurance to their employees. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turns pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the funds of the Council.

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$62,872, \$95,612, and \$86,517, respectively; 43 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$35,963 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$165,139, \$347,988, and \$336,446, respectively; 80 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$32,491 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$220,185 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$64,368.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

The School District provides life insurance to all employees through CoreSource.

C. Early Retirement Incentive

The School District Board of Education approved a one-time Early Retirement Incentive program for fiscal year 1999. A written notification had to be presented to the superintendent by April 9, 1999 in order to take advantage of this incentive. Participation was limited to individuals who were eligible to retire through one of the state retirement programs, established a retirement date of no later than June 30, 1999, had at least ten consecutive years of service with the Bloom-Vernon Local School District, and at least twenty-five years of total service. A super severance of \$5,000 was awarded to all individuals who participated. For fiscal year 1999, two individuals participated in this program at a total cost of \$10,000. The retirement incentive program will be discontinued as of June 30, 1999.

D. 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.

GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" provides guidelines for the reporting of deferred compensation programs. The School District participates in the Ohio Public Employees Deferred Compensation Program. During 1998, the Ohio Public Employees Deferred Compensation Program created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, plan assets are no longer presented on the balance sheet.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the School District entered into capitalized leases for equipment and furniture and fixtures. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$113,800. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. The full amount for this leased item has been depreciated in the general fixed assets account group. The lease obligation was fully retired in fiscal year 1999. Principal payments in fiscal year 1999 totaled \$3,745 in the general fund.

NOTE 15 - SHORT-TERM OBLIGATIONS

The changes in the School District's short-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
School Improvement Bond Anticipation Notes 1998 4.31%	\$0	\$867,200	\$867,200	\$0

Bloom Vernon School Improvement Bond Anticipation Notes - On July 2, 1998, Bloom Vernon Local School District issued \$867,200 in unvoted bond anticipation notes for the construction of a new elementary school and for an addition to the high school building. The notes were issued for a five month period with a final maturity at December 17, 1998. The Notes were retired from the debt service fund.

NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
New High School Bond 1988 6.9%	\$640,000	\$0	\$60,000	\$580,000
Energy Conservation Loan 1994 5.76%	100,484	0	14,469	86,015
School Improvement Bonds 1998 6.25%	0	865,100	0	865,100
Total Long-Term Bonds and Loans	740,484	865,100	74,469	1,531,115
Capital Leases	3,745	0	3,745	0
Pension Obligation	44,295	49,009	44,295	49,009
Compensated Absences	246,157	124,306	0	370,463
Early Retirement Incentive	0	5,000	0	5,000
Total General Long-Term Obligations	<u>\$1,034,681</u>	<u>\$1,043,415</u>	<u>\$122,509</u>	<u>\$1,955,587</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

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

Energy Conservation Loan - On September 13, 1993, Bloom Vernon Local School District issued \$150,800 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2004. The loan will be retired from the Debt Service Fund.

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

School Facility Loan - On November 16, 1985, the School District entered into a school facilities loan program for the purpose of an addition to the primary school and for a new high school building. Under the contract, the District was to receive \$4,491,625 as provided by the State to be repaid from the proceeds of a half mill levy. The remaining funding of \$1,560,000 was received through bond anticipation notes issued in 1988. At anytime the taxes necessary to be levied to provide the debt service on the District's net indebtedness including the bond issue plus the half mill payment to the State would decline below four mills per year, then any margin thus created between the reduced millage and four mills must be levied and repaid to the State. At the end of the twenty-three year period any remaining unpaid balance on the State loan is forgiven and written off by the State.

On October 7, 1997, Bloom Vernon Local School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the remainder of the \$4,057,516 classroom facilities loan to the State because the School District's adjusted valuation per pupil (currently 602 out of 611 schools) was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three period, the School District may become responsible for repayment of a portion of the State's contribution.

Compensated absences, early retirement incentive, and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$1,876,810 with an unvoted debt margin of \$35,616 at June 30, 1999.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt at June 30, 1999, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$95,413	\$89,485	\$184,898
2001	101,194	85,310	186,504
2002	102,150	78,873	181,023
2003	103,150	72,312	175,462
2004	104,208	65,613	169,821
2005-2009	440,000	235,257	675,257
2010-2014	200,000	134,163	334,163
2015-2019	260,000	69,532	329,532
2020-2021	125,000	6,630	131,630
Total	<u>\$1,531,115</u>	<u>\$837,175</u>	<u>\$2,368,290</u>

NOTE 17 - INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$1,510	\$0
Special Revenue Funds:		
Title VI-B	0	1,510
Totals	<u>\$1,510</u>	<u>\$1,510</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 1999, the School District had the following contractual purchase commitments:

Contractor	Contract Amount	Amount Expended	Balance at 6/30/99
Fairfax Incorporated	\$91,083	\$73,420	\$17,663
Environmental Enterprises	53,498	0	53,498
Concrete Contractor	78,933	12,101	66,832
James Electric	1,156,000	110,257	1,045,743
Mechanical Construction	1,884,464	66,884	1,817,580
Boone Coleman	680,418	675,199	5,219
Tom Cannon Inc.	159,465	0	159,465
RWS Building Company	5,340,000	175,190	5,164,810
Tanner Stone Architects	1,032,872	578,971	453,901
Total	<u>\$10,476,733</u>	<u>\$1,692,022</u>	<u>\$8,784,711</u>

NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Adams, Brown, Highland, Lawrence, Pike, Ross, Vinton, and Scioto Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county, two school treasurers, plus one representative from the fiscal agent. The School District paid SCOCA \$2,404 for services provided during the year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O.Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Scioto County Joint Vocational School - The Scioto County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the City and County Boards within Scioto County, each of which possesses its own budgeting and taxing authority. To obtain financial information write to the Scioto County Joint Vocational School at P.O. Box 766, Lucasville, Ohio 45648.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 20 - PUBLIC ENTITY SHARED RISK POOL

Scioto County Regional Council of Governments - The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Regional Council of Governments. The overall objectives of the council are to formulate and administer a program of health insurance for the benefit of the council members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts. The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center at Fourth and Court Streets, Portsmouth, Ohio 45662.

NOTE 21 - INSURANCE PURCHASING POOL

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

NOTE 22 - SCHOOL FUNDING COURT DECISION

On March 24, 1997 the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$4,776,941 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money for the construction of a middle and junior/senior high schools. As of June 30, 1999, the School District had received a total of \$4,491,625 under this program. See Note 16 to these financial statements.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under these programs and on its financial operations.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 23 - SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization. The School District also receives monies designated for school bus purchases. This amount is shown as a reserve for bus purchases.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, budget stabilization, and school bus purchases. Disclosure of this information is required by State statute.

A. Textbooks and Instructional Materials

Set-aside balance carried forward from the prior year		\$0
Current year set-aside requirement	\$69,903	
Qualifying expenditures made during the year	(54,039)	
Amount of offsets for the year	(15,864)	
Total		0
Balance of the set-aside to be carried forward to next year		\$0

B. Capital Improvements

Set-aside balance carried forward from the prior year		\$0
Current year set-aside requirement	\$69,903	
Qualifying expenditures made during the year	(69,903)	
Amount of offsets for the year	0	
Total		0
Balance of the set-aside to be carried forward to next year		\$0

C. Budget Stabilization

Set-aside balance carried forward from the prior year		\$34,239
Current year set-aside requirement	\$35,415	
Qualifying expenditures made during the year	0	
Amount of offsets for the year	0	
Total		35,415
Balance of the set-aside to be carried forward to next year		\$69,654

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 23 - SET-ASIDE CALCULATIONS (Continued)

D. School Bus Purchases

Balance carried forward from the prior year		\$18,463
Current year amount received	\$62,400	
Qualifying expenditures made during the year	(55,000)	
Total		7,400
Balance to be carried forward to next year		\$25,863

Amounts of offsets and qualifying expenditures presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and are therefore not presented.

NOTE 24 - YEAR 2000

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the governments's operations.

The District has contracted with Navix Information Engineering, Inc. to provide critical information about the Year 2000 compliance of the District's assets. Navix is currently in the process of gathering information. After their report is received, the Board of Education will establish contingency plans for any failures or problems.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform School Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and non-financial information about the School District through EMIS. The State is responsible for remediating these systems.

Scioto County distributes a substantial sum of money to the School District in the form of taxes. The County is responsible for remediating these systems and any associated costs.

To the best of management's knowledge and belief, as of January 20, 2000, the government experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issue. However, because of the unprecedented nature of the Year Issue, matters may yet arise, and parties with whom the School District does business may also experience Year 2000 readiness issues that are as yet, unknown.

NOTE 25 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

NOTE 25 - CONTINGENCIES (Continued)

B. Litigation

The School District is not currently party to legal proceedings.

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**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$27,715	\$0	\$29,243
National School Breakfast Program	05-PU 98/99	10.553	36,283	0	36,283	0
National School Lunch Program	03-PU 98/99	10.555	15,172	0	15,172	0
	04-PU 98/99		100,439	0	100,439	0
Total National School Lunch Program			<u>115,611</u>	<u>0</u>	<u>115,611</u>	<u>0</u>
Total Nutrition Cluster			<u>151,894</u>	<u>27,715</u>	<u>151,894</u>	<u>29,243</u>
Total U.S. Department of Agriculture			151,894	27,715	151,894	29,243
<u>U.S. Department of Education</u>						
<i>Passed through Ohio Department of Education:</i>						
Grants To Local Educational Agencies (ESEA Title I)	C1-S1 98/99	84.010	403,528	0	386,088	0
Special Education Grants to States (IDEA Part B)	6B-SF 98	84.027	42,443	0	55,761	0
Drug Free Schools Grant	DR-SP 99	84.186	2,334	0	0	0
	DR-S1 98/99		7,120	0	5,974	0
Total Drug Free Schools Grant			<u>9,454</u>	<u>0</u>	<u>5,974</u>	<u>0</u>
Even Start Family Literacy	EV-S1 97/98/99	84.213	89,110	0	82,425	0
Goals Technology Grant	G2-A2 99	84.276	633	0	633	0
	G2-S1 98		36,900	0	10,933	0
	G2-S4 98		3,000	0	3,000	0
	G2-SP 99		5,000	0	5,000	0
Total Goals Technology Grant			<u>45,533</u>	<u>0</u>	<u>19,566</u>	<u>0</u>
Eisenhower Grant	MS-SI 99	84.281	9,360	0	6,409	0
Innovative Educational Program Strategy Grant (Title VI)	C2-S1 99	84.298	4,089	0	4,089	0
Total U.S. Department of Education			603,517	0	560,312	0
<u>U.S. Department of Health and Human Services</u>						
<i>Passed through Ohio Department of Education:</i>						
Dependent Care Plan	DC-S1 99	93.673	17,000	0	17,000	0
Total U.S. Department of Health and Human Services			<u>17,000</u>	<u>0</u>	<u>17,000</u>	<u>0</u>
Total Federal Award Receipts and Expenditures			<u>\$772,411</u>	<u>\$27,715</u>	<u>\$729,206</u>	<u>\$29,243</u>

The accompanying notes to this schedule are an integral part of this schedule.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are comingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the School District had no significant food commodities inventory.

NOTE C - MATCHING

Certain Federal Programs require that the School District contribute non-Federal funds (matching funds) to support the federally funded programs. The School District has complied with the matching requirements. The expenditure of matching nonfederal matching funds is not included on the Schedule.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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 the general purpose financial statements of Bloom-Vernon Local School District, Scioto County, Ohio, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 20, 2000, in which we indicated that the District had changed its method of accounting for deferred compensation. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated January 20, 2000.

Bloom-Vernon Local School District
Scioto County
Report of Independent Accountants on Compliance and
Internal Control Required by *Governmental Auditing Standards*
Page 2

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

JIM PETRO
Auditor of State

January 20, 2000



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Education:

Compliance

We have audited the compliance of Bloom Vernon Local School District, Scioto County, Ohio, (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to management of the School District in a separate letter dated January 20, 2000.

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

JIM PETRO
Auditor of State

January 20, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list):	Educationally Deprived Children -Local Educational Agencies Title I - CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS 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 7, 2000**