

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**BILL DAUGHERTY, TREASURER**





# Dave Yost • Auditor of State

Board of Education  
Bloomfield-Mespo Local School District  
2077 Park Road W.  
North Bloomfield, Ohio 44450

We have reviewed the *Independent Auditor's Report* of the Bloomfield-Mespo Local School District, Trumbull County, prepared by Julian & Grube, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bloomfield-Mespo Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

January 8, 2014

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**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

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## Independent Auditor's Report

Bloomfield-Mespo Local School District  
Trumbull County  
2077 Park Road W.  
North Bloomfield, Ohio 44450-9730

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloomfield-Mespo Local School District, Trumbull County, Ohio, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Bloomfield-Mespo Local School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloomfield-Mespo Local School District, Trumbull County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund and Title I fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

The Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, on our consideration of the Bloomfield-Mespo Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bloomfield-Mespo Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 22, 2013



**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The discussion and analysis of the Bloomfield-Mespo Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position of governmental activities increased \$178,281 which represents a 13.46% increase from 2012.
- General revenues accounted for \$2,859,164 in revenue or 68.68% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,303,623 or 31.32% of total revenues of \$4,162,787.
- The District had \$3,984,506 in expenses related to governmental activities; \$1,303,623 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$2,859,164 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the Title I fund. The general fund had \$3,030,116 in revenues \$2,865,124 and in expenditures. During fiscal year 2013, the general fund's fund balance increased \$164,992 from a balance of \$178,091 to \$343,083.
- The Title I fund had \$652,836 in revenues and \$643,790 in expenditures. During fiscal 2013, the Title I fund's fund balance increased \$9,046 from \$1,378 to \$10,424.

**Using the Basic Financial Statements (BFS)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the Title I fund are by far the most significant funds, and the only governmental funds reported as major funds.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, central, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the Title I fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-20 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

*Notes to the Basic Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-48 of this report.

**The District as a Whole**

Recall that the statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012. The 2012 amounts for liabilities and deferred inflows have been reclassified to conform to 2013 presentation.

	<b>Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2013</u>	<u>2012</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 2,490,040	\$ 2,514,374
Capital assets, net	<u>1,085,589</u>	<u>1,027,121</u>
Total assets	<u>3,575,629</u>	<u>3,541,495</u>
<b><u>Liabilities</u></b>		
Current liabilities	374,607	456,262
Long-term liabilities	<u>420,139</u>	<u>481,349</u>
Total liabilities	<u>794,746</u>	<u>937,611</u>
<b><u>Deferred inflows of resources</u></b>		
Property taxes levied for the next fiscal year	<u>1,278,479</u>	<u>1,279,761</u>
Total deferred inflows of resources	<u>1,278,479</u>	<u>1,279,761</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	842,570	752,543
Restricted	175,363	271,511
Unrestricted	<u>484,471</u>	<u>300,069</u>
Total net position	<u>\$ 1,502,404</u>	<u>\$ 1,324,123</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,502,404. Of this total, \$484,471 is unrestricted in use.

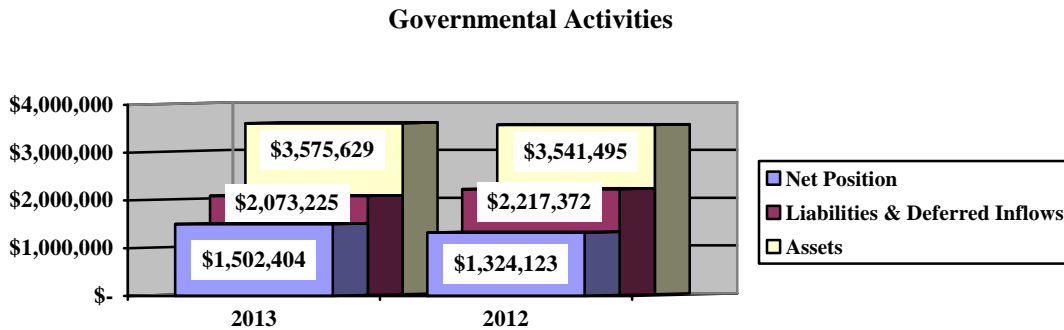
**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

At year-end, capital assets represented 30.36% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2013 was \$842,570. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$175,363, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$484,471 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below shows the District's assets, liabilities and deferred inflows and net position at June 30, 2013 and 2012:



The table below shows the change in net position for fiscal years 2013 and 2012.

	<b>Change in Net Position</b>	
	Governmental Activities 2013	Governmental Activities 2012
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 249,065	\$ 249,843
Operating grants and contributions	1,054,558	957,607
General revenues:		
Property taxes	1,345,195	1,276,103
Grants and entitlements	1,508,745	1,477,878
Investment earnings	486	441
Other	<u>4,738</u>	<u>5,803</u>
 Total revenues	 <u>4,162,787</u>	 <u>3,967,675</u>

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Change in Net Position - Continued</b>	
	Governmental Activities	Governmental Activities
	<u>2013</u>	<u>2012</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 1,363,745	\$ 1,413,880
Special	756,700	640,488
Vocational	23,649	44,000
Support services:		
Pupil	145,299	159,199
Instructional staff	128,875	210,535
Board of education	15,990	18,669
Administration	431,794	407,715
Fiscal	216,231	229,304
Operations and maintenance	446,239	423,491
Pupil transportation	214,323	274,843
Central	5,686	7,791
Operation of non-instructional services:		
Food service operations	137,976	124,903
Extracurricular activities	87,240	90,481
Interest and fiscal charges	<u>10,759</u>	<u>6,276</u>
Total expenses	<u>3,984,506</u>	<u>4,051,575</u>
Change in net position	178,281	(83,900)
Net position at beginning of year	<u>1,324,123</u>	<u>1,408,023</u>
Net position at end of year	<u>\$ 1,502,404</u>	<u>\$ 1,324,123</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$178,281 during fiscal year 2013. Total governmental expenses of \$3,984,506 were offset by program revenues of \$1,303,623 and general revenues of \$2,859,164. Program revenues supported 32.72% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 68.56% of total governmental revenue.

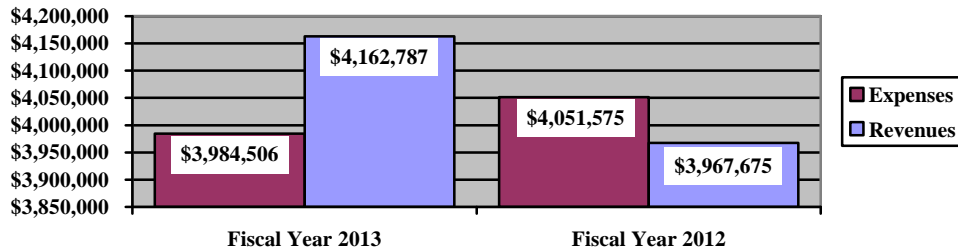
The largest expense of the District is for instructional programs. Instruction expenses totaled \$2,144,094 or 53.81% of total governmental expenses for fiscal year 2013.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2013 and 2012.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
<b>Program expenses</b>				
Instruction:				
Regular	\$ 1,363,745	\$ 1,105,607	\$ 1,413,880	\$ 1,157,561
Special	756,700	23,465	640,488	102,472
Vocational	23,649	23,169	44,000	44,000
Support services:				
Pupil	145,299	130,137	159,199	134,099
Instructional staff	128,875	31,939	210,535	29,662
Board of education	15,990	15,990	18,669	18,669
Administration	431,794	409,030	407,715	386,961
Fiscal	216,231	216,231	229,304	229,304
Operations and maintenance	446,239	434,782	423,491	413,271
Pupil transportation	214,323	213,275	274,843	272,424
Central	5,686	2,086	7,791	4,191
Operations of non-instructional services:				
Food service operations	137,976	7,885	124,903	(11,080)
Extracurricular activities	87,240	56,528	90,481	56,315
Interest and fiscal charges	10,759	10,759	6,276	6,276
<b>Total expenses</b>	<u>\$ 3,984,506</u>	<u>\$ 2,680,883</u>	<u>\$ 4,051,575</u>	<u>\$ 2,844,125</u>

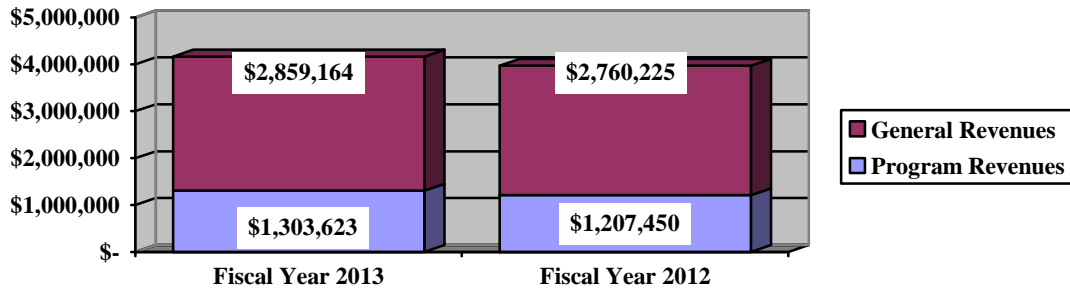
The dependence upon tax and other general revenues for governmental activities is apparent, 53.74% and 62.15% of instruction activities are supported through taxes and other general revenues for fiscal years 2013 and 2012, respectively. For all governmental activities, general revenue support is 67.28% for fiscal year 2013. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for District's students.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The graph below presents the District's governmental activities revenues for fiscal years 2013 and 2012.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$485,814, which is higher than last year's total of \$418,435. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013.

	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
General	\$ 343,083	\$ 178,091	\$ 164,992	92.64 %
Title I	10,424	1,378	9,046	656.46 %
Other Governmental	<u>132,307</u>	<u>238,966</u>	<u>(106,659)</u>	(44.63) %
Total	<u>\$ 485,814</u>	<u>\$ 418,435</u>	<u>\$ 67,379</u>	16.10 %

**General Fund**

The District's general fund balance increased \$164,992.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 1,227,867	\$ 1,125,559	\$ 102,308	9.09 %
Tuition	183,096	179,041	4,055	2.26 %
Earnings on investments	486	441	45	10.20 %
Classroom materials and fees	2,972	3,297	(325)	(9.86) %
Intergovernmental	1,596,402	1,565,301	31,101	1.99 %
Other revenues	<u>19,293</u>	<u>18,862</u>	<u>431</u>	2.29 %
 Total	 <u>\$ 3,030,116</u>	 <u>\$ 2,892,501</u>	 <u>\$ 137,615</u>	 4.76 %
<b><u>Expenditures</u></b>				
Instruction	\$ 1,464,631	\$ 1,473,980	\$ (9,349)	(0.63) %
Support services	1,333,794	1,393,895	(60,101)	(4.31) %
Extracurricular activities	55,779	61,141	(5,362)	(8.77) %
Capital outlay	-	44,880	(44,880)	100.00 %
Debt service	<u>10,920</u>	<u>15,356</u>	<u>(4,436)</u>	(28.89) %
 Total	 <u>\$ 2,865,124</u>	 <u>\$ 2,989,252</u>	 <u>\$ (124,128)</u>	 (4.15) %

Taxes increased \$102,308 or 9.09% due to an increase in property taxes. Intergovernmental revenue increased \$31,101 or 1.99% due to an increase in State foundation revenues recorded in the general fund. All other revenues remained consistent with the prior year.

The decrease in support services expenditures is a result of cost savings measures implemented by the District, including staff reductions.

***Title I Fund***

The District's Title I fund's fund balance increased by \$9,046. The revenues increased from \$562,827 to \$652,836. This was largely due to more federal stimulus grants received during the fiscal year 2013. The expenditure increased from \$564,481 to \$643,790.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During the course of fiscal year 2013, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$2,780,179 and final budgeted revenues and other financing sources were \$2,862,183. Actual revenues and other financing sources for fiscal year 2013 were \$2,862,183.

General fund original appropriations were \$3,200,000 and final appropriations were \$2,870,000. The actual budget basis expenditures for fiscal year 2013 totaled \$2,783,661, which was \$86,339 less than the final budget.



**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2013, the District had \$1,085,589 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2013 balances compared to June 30, 2012:

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2013	2012
Land	\$ 15,000	\$ 15,000
Land improvements	96,208	102,291
Building and improvements	727,544	606,176
Furniture and equipment	169,724	200,250
Vehicles	77,113	103,404
Total	\$ 1,085,589	\$ 1,027,121

The overall increase in capital assets of \$58,468 is due to capital outlays of \$173,046 exceeding depreciation expense of \$113,641 and disposals (net of accumulated depreciation) of \$937.

See Note 7 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2013, the District had notes payable and a capital lease obligation outstanding. The following table summarizes these obligations outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2013	2012
Notes payable	\$ 209,095	\$ 237,043
Capital lease obligation	33,924	41,785
Total	\$ 243,019	\$ 278,828

At June 30, 2013, the District's overall legal debt margin was \$4,878,211, with an unvoted debt margin of \$54,045.

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Current Financial Related Activities**

The District benefited from previous cost cutting measures and ended up in the black this year, meaning revenues exceeded the District's expenditures on items listed on the five year forecast. The following are items that will continue to improve the District's financial status:

- One teacher retired and was replaced with a half time position for a substantial savings.
- One long time teacher resigned which allowed the District to replace her with a lower paid teacher.
- Two other teachers resigned that resulted in a minor savings.
- The District was able to spend approximately \$18,200 in supplies and equipment at the Bloomfield building out of Title I which was a major savings to the general fund.

Over the summer the District continued on the window replacement program and completed the south side of the Bloomfield building. The total cost was \$61,250. The District plans to finish the rest of the building in early 2014. The District also improved the security at Mespo Elementary School. The front of the building was opened up with a foyer that is adjacent to the secretary's desk. This allows her to see who is entering the building prior to letting them in. The cost of this project was \$21,570 and both projects were paid entirely out of the permanent improvement fund (a nonmajor governmental fund). The District also contracted with the Trumbull County Sheriff to have a Resource Officer assigned to the District for fiscal year 2014.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Bill Daugherty, Treasurer, 2077 Park Road W, North Bloomfield, Ohio 44450-9730.

**BASIC  
FINANCIAL STATEMENTS**

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2013

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 761,831
Receivables:	
Taxes . . . . .	1,619,513
Intergovernmental . . . . .	98,001
Prepayments . . . . .	9,831
Materials and supplies inventory. . . . .	864
Capital assets:	
Land. . . . .	15,000
Depreciable capital assets, net. . . . .	1,070,589
Capital assets, net . . . . .	<u>1,085,589</u>
 Total assets. . . . .	 <u>3,575,629</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	16,269
Accrued wages and benefits . . . . .	274,199
Pension obligation payable. . . . .	67,485
Intergovernmental payable . . . . .	14,929
Accrued interest payable . . . . .	1,725
Long-term liabilities:	
Due within one year. . . . .	77,802
Due in more than one year. . . . .	342,337
 Total liabilities . . . . .	 <u>794,746</u>
<b>Deferred Inflows of Resources:</b>	
Property taxes levied for the next fiscal year. . . . .	<u>1,278,479</u>
 Total deferred inflows of resources . . . . .	 <u>1,278,479</u>
<b>Net Position:</b>	
Net investment in capital assets . . . . .	842,570
Restricted for:	
Capital projects . . . . .	126,530
Debt service. . . . .	12,481
Federally funded programs . . . . .	15,534
Student activities . . . . .	18,102
Other purposes . . . . .	2,716
Unrestricted. . . . .	484,471
Total net position. . . . .	<u>\$ 1,502,404</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 1,363,745	\$ 186,114	\$ 72,024	\$ (1,105,607)
Special . . . . .	756,700	-	733,235	(23,465)
Vocational . . . . .	23,649	-	480	(23,169)
Support services:				
Pupil . . . . .	145,299	-	15,162	(130,137)
Instructional staff . . . . .	128,875	-	96,936	(31,939)
Board of education . . . . .	15,990	-	-	(15,990)
Administration . . . . .	431,794	-	22,764	(409,030)
Fiscal . . . . .	216,231	-	-	(216,231)
Operations and maintenance . . . . .	446,239	10,320	1,137	(434,782)
Pupil transportation . . . . .	214,323	-	1,048	(213,275)
Central . . . . .	5,686	-	3,600	(2,086)
Operation of non-instructional services:				
Food service operations . . . . .	137,976	24,056	106,035	(7,885)
Extracurricular activities . . . . .	87,240	28,575	2,137	(56,528)
Interest and fiscal charges . . . . .	10,759	-	-	(10,759)
<b>Total governmental activities . . . . .</b>	<b>\$ 3,984,506</b>	<b>\$ 249,065</b>	<b>\$ 1,054,558</b>	<b>(2,680,883)</b>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				1,206,959
Debt service . . . . .				31,861
Capital outlay . . . . .				106,375
Grants and entitlements not restricted to specific programs . . . . .				1,508,745
Investment earnings . . . . .				486
Miscellaneous . . . . .				4,738
<b>Total general revenues . . . . .</b>				<b>2,859,164</b>
Change in net position . . . . .				178,281
<b>Net position at beginning of year . . . . .</b>				<b>1,324,123</b>
<b>Net position at end of year . . . . .</b>				<b>\$ 1,502,404</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>General</u>	<u>Title I</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 584,270	\$ 25,257	\$ 149,588	\$ 759,115
Receivables:				
Taxes. . . . .	1,471,546	-	147,967	1,619,513
Intergovernmental . . . . .	38,203	51,000	8,798	98,001
Prepayments . . . . .	8,859	800	172	9,831
Materials and supplies inventory. . . . .	-	-	864	864
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	2,716	-	-	2,716
Total assets . . . . .	<u>\$ 2,105,594</u>	<u>\$ 77,057</u>	<u>\$ 307,389</u>	<u>\$ 2,490,040</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 16,206	\$ -	\$ 63	\$ 16,269
Accrued wages and benefits. . . . .	198,366	56,391	19,442	274,199
Pension obligation payable . . . . .	52,365	7,278	7,842	67,485
Intergovernmental payable . . . . .	10,899	2,964	1,066	14,929
Total liabilities. . . . .	<u>277,836</u>	<u>66,633</u>	<u>28,413</u>	<u>372,882</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	1,161,671	-	116,808	1,278,479
Delinquent property tax revenue not available. . . . .	296,969	-	29,861	326,830
Intergovernmental revenue not available. . . . .	26,035	-	-	26,035
Total deferred inflows of resources . . . . .	<u>1,484,675</u>	<u>-</u>	<u>146,669</u>	<u>1,631,344</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepayments . . . . .	8,859	800	172	9,831
Materials and supplies inventory. . . . .	-	-	864	864
Restricted:				
Debt service . . . . .	-	-	14,206	14,206
Capital improvements . . . . .	-	-	96,669	96,669
Special education . . . . .	-	-	5,687	5,687
Targeted academic assistance . . . . .	-	9,624	-	9,624
Other purposes. . . . .	-	-	2,798	2,798
Vocational education. . . . .	-	-	18,102	18,102
School bus purchases. . . . .	2,716	-	-	2,716
Assigned:				
Public school support. . . . .	2,062	-	-	2,062
Other purposes . . . . .	941	-	-	941
Subsequent year's appropriations. . . . .	217,629	-	-	217,629
Unassigned (deficit) . . . . .	110,876	-	(6,191)	104,685
Total fund balances . . . . .	<u>343,083</u>	<u>10,424</u>	<u>132,307</u>	<u>485,814</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,105,594</u>	<u>\$ 77,057</u>	<u>\$ 307,389</u>	<u>\$ 2,490,040</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013

<b>Total governmental fund balances</b>		\$	485,814
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			1,085,589
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Taxes receivable	\$	326,830	
Intergovernmental receivable		26,035	
Total			352,865
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(1,725)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		177,120	
Capital lease obligation payable		33,924	
Notes payable		209,095	
Total			(420,139)
<b>Net position of governmental activities</b>		\$	1,502,404

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Title I</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,227,867	\$ -	\$ 140,198	\$ 1,368,065
Tuition . . . . .	183,096	-	-	183,096
Earnings on investments . . . . .	486	-	29	515
Charges for services . . . . .	-	-	24,027	24,027
Extracurricular . . . . .	4,189	-	24,386	28,575
Classroom materials and fees . . . . .	2,972	-	-	2,972
Rental income . . . . .	10,320	-	-	10,320
Contributions and donations . . . . .	-	-	875	875
Contract services . . . . .	46	-	-	46
Other local revenues . . . . .	4,738	-	2,009	6,747
Intergovernmental - state . . . . .	1,596,402	-	25,214	1,621,616
Intergovernmental - federal . . . . .	-	652,836	283,270	936,106
Total revenues . . . . .	<u>3,030,116</u>	<u>652,836</u>	<u>500,008</u>	<u>4,182,960</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,256,298	-	72,253	1,328,551
Special . . . . .	171,791	537,902	81,520	791,213
Vocational . . . . .	36,542	-	-	36,542
Support services:				
Pupil . . . . .	130,347	14,952	-	145,299
Instructional staff . . . . .	32,098	66,333	30,843	129,274
Board of education . . . . .	18,146	-	-	18,146
Administration . . . . .	376,070	22,449	-	398,519
Fiscal . . . . .	220,907	-	3,374	224,281
Operations and maintenance . . . . .	361,416	1,121	213,942	576,479
Pupil transportation . . . . .	192,724	1,033	-	193,757
Central . . . . .	2,086	-	3,600	5,686
Operation of non-instructional services:				
Food service operations . . . . .	-	-	138,045	138,045
Extracurricular activities . . . . .	55,779	-	31,461	87,240
Debt service:				
Principal retirement . . . . .	7,861	-	27,948	35,809
Interest and fiscal charges . . . . .	3,059	-	3,681	6,740
Total expenditures . . . . .	<u>2,865,124</u>	<u>643,790</u>	<u>606,667</u>	<u>4,115,581</u>
Net change in fund balances . . . . .	164,992	9,046	(106,659)	67,379
<b>Fund balances at beginning of year . . . . .</b>	<u>178,091</u>	<u>1,378</u>	<u>238,966</u>	<u>418,435</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 343,083</u>	<u>\$ 10,424</u>	<u>\$ 132,307</u>	<u>\$ 485,814</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Net change in fund balances - total governmental funds** \$ 67,379

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense

Capital asset additions	\$	173,046	
Current year depreciation		(113,641)	
Total			59,405

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (937)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes receivable		(22,870)	
Intergovernmental		18,113	
Total			(4,757)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds.

Removal of unamortized bond issue costs			(4,250)
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Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 35,809

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The following resulted in less interest being reported on the statement of activities:

Decrease in accrued interest payable			231
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

25,401

**Change in net position of governmental activities** \$ 178,281

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 1,031,879	\$ 1,062,315	\$ 1,062,315	\$ -
Tuition. . . . .	177,850	183,096	183,096	-
Earnings on investments . . . . .	472	486	486	-
Classroom materials and fees . . . . .	2,887	2,972	2,972	-
Rental income . . . . .	10,024	10,320	10,320	-
Contract services. . . . .	45	46	46	-
Other local revenues . . . . .	4,602	4,738	4,738	-
Intergovernmental - state . . . . .	1,528,549	1,573,635	1,573,635	-
Total revenues . . . . .	<u>2,756,308</u>	<u>2,837,608</u>	<u>2,837,608</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,286,641	1,153,957	1,124,659	29,298
Special. . . . .	201,305	180,545	173,386	7,159
Vocational. . . . .	49,561	44,450	40,778	3,672
Support services:				
Pupil. . . . .	148,849	133,499	129,609	3,890
Instructional staff . . . . .	41,878	37,559	33,394	4,165
Board of education . . . . .	21,147	18,966	18,199	767
Administration. . . . .	454,813	407,910	397,397	10,513
Fiscal . . . . .	251,880	225,905	221,088	4,817
Operations and maintenance. . . . .	431,166	386,702	376,126	10,576
Pupil transportation . . . . .	246,633	221,199	213,532	7,667
Central. . . . .	2,787	2,500	2,086	414
Extracurricular activities. . . . .	63,340	56,808	53,407	3,401
Total expenditures . . . . .	<u>3,200,000</u>	<u>2,870,000</u>	<u>2,783,661</u>	<u>86,339</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(443,692)</u>	<u>(32,392)</u>	<u>53,947</u>	<u>86,339</u>
<b>Other financing sources:</b>				
Refund of prior year's expenditures . . . . .	23,871	24,575	24,575	-
Total other financing sources . . . . .	<u>23,871</u>	<u>24,575</u>	<u>24,575</u>	<u>-</u>
Net change in fund balance . . . . .	(419,821)	(7,817)	78,522	86,339
<b>Fund balance at beginning of year . . . . .</b>	<u>505,461</u>	<u>505,461</u>	<u>505,461</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 85,640</u>	<u>\$ 497,644</u>	<u>\$ 583,983</u>	<u>\$ 86,339</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
TITLE I FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental - Federal . . . . .	\$ 863,399	\$ 665,235	\$ 665,235	\$ -
Total revenue . . . . .	<u>863,399</u>	<u>665,235</u>	<u>665,235</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Special. . . . .	646,935	546,783	534,716	12,067
Support Services:				
Pupil. . . . .	17,748	15,000	14,952	48
Instructional staff . . . . .	102,681	86,785	76,816	9,969
Administration. . . . .	30,735	25,977	25,667	310
Operations and maintenance. . . . .	1,367	1,155	1,116	39
Pupil transportation . . . . .	2,721	2,300	1,009	1,291
Total expenditures . . . . .	<u>802,187</u>	<u>678,000</u>	<u>654,276</u>	<u>23,724</u>
Net change in fund balance . . . . .	61,212	(12,765)	10,959	23,724
<b>Fund balance at beginning of year . . . . .</b>	<u>14,298</u>	<u>14,298</u>	<u>14,298</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 75,510</u>	<u>\$ 1,533</u>	<u>\$ 25,257</u>	<u>\$ 23,724</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2013

	<b>Agency</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 5,241
Total assets . . . . .	\$ 5,241
<b>Liabilities:</b>	
Due to students. . . . .	\$ 5,241
Total liabilities . . . . .	\$ 5,241

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Bloomfield - Mespo Local School District (the "District") is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to students and other community members of the District. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms by the citizens of the District.

The District serves an area of approximately 50 square miles in Trumbull County, including the townships of Bloomfield and Mesopotamia.

The District is the 688<sup>th</sup> largest by enrollment among the 918 public and community school districts in the State. It currently operates one elementary school and one comprehensive middle/high school. The District is staffed by 31 non-certified and 35 certified personnel to provide services to approximately 297 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Trumbull Career and Technical Center

The Trumbull Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 15 participating school district's elected boards, which possesses its own budgeting and taxing authority. Financial information may be obtained by contacting the Treasurer of the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

*PUBLIC ENTITY RISK POOL*

Worker's Compensation Group Rating Program

The District participates in a group rating plan (GRP) for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

Trumbull County School's Employee Benefit Insurance Consortium (Consortium)

The Consortium is a Council of Governments established pursuant to Ohio Revised Code Chapter 167. The Council of Government (the Consortium) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Chapter 167 of the Ohio Revised Code.

The Consortium is a shared risk pool as defined by Governmental Accounting Standards Board Statement No. 10 and amended by GASB Statement No. 30. It was formed to carry out a cooperative program for the provisions and administration of health care benefits for member employees in accordance with the Council bylaws.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The governing body of the Consortium is an Assembly composed of the Superintendents of the members and any other representative of members who have been appointed by the respective governing bodies of the members. All representatives serve without compensation. As of June 30, 2013, there were 16 participating members of the Consortium. The Insurance Committee (Executive Board) functions as the advisory body to the Assembly. It consists of five representatives of the members, four of whom are appointed by the President of the Trumbull County Superintendent's Association, and the fifth of whom by the Superintendent of the Fiscal Agent. The Trumbull County Educational Service Center serves as the Consortium's fiscal agent and the Treasurer of the Consortium is the Treasurer of the Fiscal Agent. The Consortium administers medical, prescription, dental, and vision benefit plans for employees of the participating school systems and their eligible dependents.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

*GOVERNMENTAL FUNDS*

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

*General fund* -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Title I fund* - The purpose of the Title I fund is to account for financial assistance provided by State and local educational agencies to meet the special needs of educationally deprived children.

Other governmental funds of the District are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Agency funds do not report a measurement focus as they do not report operations.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5).

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental 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 governmental funds.

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2013 is as follows:

1. 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 purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the 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 a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statements, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2013.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education by fund level, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations 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.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2013; however, none of these amendments were significant. The budget figures, as shown in the accompanying budgetary statements, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2013, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio).

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2013.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$486, which includes \$120 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption and purchased food.

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TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Capital Assets**

Governmental capital assets are those assets generally related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net position. The District did not have any interfund loans during fiscal year 2013.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2013, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, 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 noncurrent portion of the liability is not reported.

**K. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes and capital lease obligations are recognized as a liability on the fund financial statements when due.

**L. Fund Balance**

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

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

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**O. Estimates**

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

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside for school bus purchases. This restriction is required by State statute.

**Q. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. The District did not have any interfund activity to report at June 30, 2013.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Account Principles**

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. GASB Statement No. 65 has changed the presentation of the financial statements.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.



**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 4,436
Improving teacher quality	719

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Interim monies 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 any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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;

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date 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, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the 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.

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 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all District deposits was \$91,202. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$34,483 of the District's bank balance of \$284,483 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

**B. Investments**

As of June 30, 2013, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>6 months or less</u>
STAR Ohio	<u>\$ 675,870</u>	<u>\$ 675,870</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 675,870</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 91,202
Investments	<u>675,870</u>
Total	<u>\$ 767,072</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 761,831
Agency fund	<u>5,241</u>
Total	<u>\$ 767,072</u>

**NOTE 5 - PROPERTY TAXES**

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

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TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 5 - PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$12,906 in the general fund and \$1,298 in the permanent improvement fund (a non-major governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$8,265 in the general fund and \$827 in the permanent improvement fund (a non-major governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 52,692,300	97.10	\$ 52,333,090	96.83
Public utility personal	<u>1,575,090</u>	<u>2.90</u>	<u>1,711,410</u>	<u>3.17</u>
Total	<u>\$ 54,267,390</u>	<u>100.00</u>	<u>\$ 54,044,500</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$ 54.90		\$ 54.90	
Permanent improvement	3.00		3.00	

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2013 consisted of taxes and intergovernmental grants and entitlements. 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 year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Taxes	\$ 1,619,513
Intergovernmental	<u>98,001</u>
Total	<u>\$ 1,717,514</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance <u>06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/13</u>
<i>Governmental activities:</i>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Total capital assets, not being depreciated	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	155,536	-	-	155,536
Buildings and improvements	2,054,953	170,816	-	2,225,769
Furniture and equipment	517,400	2,230	(30,241)	489,389
Vehicles	<u>328,383</u>	<u>-</u>	<u>(1,500)</u>	<u>326,883</u>
Total capital assets, being depreciated	<u>3,056,272</u>	<u>173,046</u>	<u>(31,741)</u>	<u>3,197,577</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(53,245)	(6,083)	-	(59,328)
Buildings and improvements	(1,448,777)	(49,448)	-	(1,498,225)
Furniture and equipment	(317,150)	(32,756)	30,241	(319,665)
Vehicles	<u>(224,979)</u>	<u>(25,354)</u>	<u>563</u>	<u>(249,770)</u>
Total accumulated depreciation	<u>(2,044,151)</u>	<u>(113,641)</u>	<u>30,804</u>	<u>(2,126,988)</u>
Governmental activities capital assets, net	<u>\$ 1,027,121</u>	<u>\$ 59,405</u>	<u>\$ (937)</u>	<u>\$ 1,085,589</u>

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 7 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 35,799
Special	10,113
 <u>Support services:</u>	
Instructional staff	190
Board of education	74
Administration	9,563
Fiscal	389
Operations and maintenance	30,958
Pupil transportation	25,354
Food service operations	<u>1,201</u>
Total depreciation expense	<u>\$ 113,641</u>

**NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years the District entered into capitalized leases for copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copiers have been capitalized in the amount of \$44,880. Accumulated depreciation as of June 30, 2013 was \$13,464, leaving a current book value of \$31,416. A corresponding liability has been recorded in the governmental activities on the statement of net position. Principal payments made during fiscal year 2013 totaled \$7,861.

The following is a schedule of future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 10,920
2015	10,920
2016	10,920
2017	<u>6,370</u>
Total minimum lease payments	<u>39,130</u>
Less: amount representing interest	<u>(5,206)</u>
Present value of minimum lease payments	<u>\$ 33,924</u>

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. During fiscal year 2013, the following activity occurred in the long-term obligations of governmental activities.

	Balance			Balance	Amounts
	<u>06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/13</u>	<u>Due in</u>
					<u>One Year</u>
<b>Governmental activities:</b>					
Notes payable	\$ 237,043	\$ -	\$ (27,948)	\$ 209,095	\$ 28,413
Compensated absences	202,521	16,430	(41,831)	177,120	40,875
Capital lease obligation	<u>41,785</u>	<u>-</u>	<u>(7,861)</u>	<u>33,924</u>	<u>8,514</u>
Total long-term obligations, governmental activities	<u>\$ 481,349</u>	<u>\$ 16,430</u>	<u>\$ (77,640)</u>	<u>\$ 420,139</u>	<u>\$ 77,802</u>

*Compensated Absences:* Compensated absences will be paid from the fund from which the employees' salaries are paid, which consist of the general fund, food service fund (a nonmajor governmental fund), and Title I fund.

*Tax Anticipation Notes, Series 2009:* On November, 9, 2009, the District issued tax anticipation notes (qualified school construction bonds) to provide funds for various building improvements. These notes are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position. Payments of principal and interest relating to this note are recorded as an expenditure in the debt service fund (a nonmajor governmental fund).

The notes were issued in the amount of \$291,574 and mature on September 15, 2019. The stated interest rate of the notes is 1.65% and interest payments are due on March 15 and September 15 of each year.

The following is a summary of the future debt service requirements to maturity for the tax anticipation notes:

Fiscal Year Ending June 30,	Tax Anticipation Notes		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 28,413	\$ 3,450	\$ 31,863
2015	28,885	2,981	31,866
2016	29,366	2,505	31,871
2017	29,855	2,020	31,875
2018	30,351	1,527	31,878
2019 - 2020	<u>62,225</u>	<u>1,544</u>	<u>63,769</u>
Total	<u>\$ 209,095</u>	<u>\$ 14,027</u>	<u>\$ 223,122</u>

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$4,878,211 (including available funds of \$14,206) and an unvoted debt margin of \$54,045.

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

The 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. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles and general liability.

Vehicle policies include liability coverage for bodily injury and property damage. The liability limits are \$2,000,000 for each accident, and uninsured motorist of \$100,000 for each accident.

Real property and contents are fully insured. Real property is 90% co-insured. Limits of insurance on real property and equipment are \$12,893,311 with no deductible.

The District liability policy has a limit of \$15,000,000 for each occurrence and \$14,000,000 aggregate. The District's errors and omissions policy has a \$15,000,000 limit with no deductible.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2012.

**B. Health, Vision and Life Insurance**

The District has joined together with other school districts in the state to form the Trumbull County School's Employee Benefit Insurance Consortium (Consortium), a public entity risk pool currently operating as a common risk management and insurance program for 16 member school districts in Trumbull County. The District pays a monthly premium to the Consortium for its insurance coverage. It is intended that the Consortium will be self-supporting through member premiums. The monthly premium includes a specific and aggregate stop loss premium paid to General American Insurance. The specific individual stop loss is \$100,000 per year. The aggregate stop loss is 105% of yearly anticipated claims.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 10 - RISK MANAGEMENT - (Continued)**

The District provides health, vision and life insurance coverage for employees. The health insurance coverage is administered by Medical Mutual of Ohio, a third party administrator. Vision Service Plan administers the vision coverage. ING Reliastar Life Insurance Company provides the life insurance coverage. The District pays the insurance premiums, as a fringe benefit for the employees. Employees hired prior to July 1, 2008 pay 5% and employees hired after July 1, 2008 pay 10% of their health insurance premium.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the District.

**C. Workers' Compensation**

For fiscal year 2013, the District participated in the Sheakley Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. 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 their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control and actuarial services to the GRP.

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 11 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$67,407, \$72,705 and \$66,572, respectively; 68.12 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 11 - PENSION PLANS - (Continued)**

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$171,922, \$176,329 and \$177,281, respectively; 83.75 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$13,040 made by the District and \$9,314 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$12,377, \$15,654 and \$20,119, respectively; 68.12 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$3,808, \$4,294 and \$4,284, respectively; 68.12 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$13,225, \$13,564 and \$13,637, respectively; 83.75 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and Title I is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and Title I fund are as follows:

**Net Change in Fund Balance**

	<u>General fund</u>	<u>Title I Fund</u>
Budget basis	\$ 78,522	\$ 10,959
Net adjustment for revenue accruals	4,034	(12,399)
Net adjustment for expenditure accruals	104,720	10,486
Net adjustment for other sources/uses	(24,575)	-
Funds budgeted elsewhere	2,291	-
GAAP basis	\$ 164,992	\$ 9,046

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the District agency fund, emergency levy fund, and the public school support fund.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 14 - CONTINGENCIES**

**A. Grants and ADM**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 15 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	46,503
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(194,747)
Excess qualified expenditures from prior years	-
Current year offsets	(127,546)
Waiver granted by ODE	-
Prior year offset from bond proceeds	<u>-</u>
Total	<u>\$ (275,790)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u><u>\$ -</u></u>

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 15 - SET-ASIDES - (Continued)**

Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

In addition to the above statutory set-asides, the District also has \$2,716 in monies restricted for school bus purchases.

## **SUPPLEMENTARY DATA**



**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<i>Child Nutrition Cluster:</i>				
(C)(D) School Breakfast Program	10.553	2013	\$ 27,935	\$ 27,935
(C)(D) National School Lunch Program	10.555	2013	67,388	67,388
(D)(E) National School Lunch Program - Food Donation	10.555	2013	7,904	7,904
<b>Total National School Lunch Program</b>			<b>75,292</b>	<b>75,292</b>
<b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>			<b>103,227</b>	<b>103,227</b>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<i>Title I Grants to Local Educational Agencies:</i>				
(F) Title I Grants to Local Educational Agencies	84.010	2012	51,777	77,696
(F) Title I Grants to Local Educational Agencies	84.010	2013	613,459	576,579
<b>Total Title I Grants to Local Educational Agencies</b>			<b>665,236</b>	<b>654,275</b>
<i>Special Education Grants to States:</i>				
(F) Special Education Grants to States	84.027	2012	14,481	18,012
(F) Special Education Grants to States	84.027	2013	102,046	90,797
<b>Total Special Education Grants to States</b>			<b>116,527</b>	<b>108,809</b>
(F) Improving Teacher Quality State Grants	84.367	2012	8,866	12,196
(F) Improving Teacher Quality State Grants	84.367	2013	72,525	66,894
<b>Total Improving Teacher Quality State Grants</b>			<b>81,391</b>	<b>79,090</b>
Education Jobs Fund	84.410	2012	1,363	1,364
<b>Total U.S. Department of Education</b>			<b>864,517</b>	<b>843,538</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 967,744</b>	<b>\$ 946,765</b>

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2013.  
(B) This schedule was prepared on the cash basis of accounting.  
(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.  
(D) Included as part of "Child Nutrition Cluster" in determining major programs.  
(E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.  
(F) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2013, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Special Education_Grants to States	84.027	2012	\$ 3,519	
Special Education_Grants to States	84.027	2013		\$ 3,519
Title I Grants to Local Educational Agencies	84.010	2012	\$ 11,622	
Title I Grants to Local Educational Agencies	84.010	2013		\$ 11,622
Improving Teacher Quality State Grants	84.367	2012	\$ 1,934	
Improving Teacher Quality State Grants	84.367	2013		\$ 1,934
<b>Total</b>			<b>\$ 17,075</b>	<b>\$ 17,075</b>



**Julian & Grube, Inc.**  
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**Independent Auditor's Report on Internal Control Over Financial Reporting and  
On Compliance and Other Matters Required by *Government Accounting Standards***

Bloomfield-Mespo Local School District  
Trumbull County  
2077 Park Road W.  
North Bloomfield, Ohio 44450-9730

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloomfield-Mespo Local School District, Trumbull County, Ohio, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Bloomfield-Mespo Local School District's basic financial statements and have issued our report thereon dated November 22, 2013.

***Internal Control Over Financial Reporting***

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

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

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

Board of Education  
Bloomfield-Mespo Local School District

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
November 22, 2013



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**Independent Auditor's Report on Compliance With Requirements Applicable to Each  
Major Federal Program and on Internal Control Over Compliance  
Required by OMB Circular A-133**

Bloomfield-Mespo Local School District  
Trumbull County  
2077 Park Road W.  
North Bloomfield, Ohio 44450-9730

To the Board of Education:

***Report on Compliance for Each Major Federal Program***

We have audited the Bloomfield-Mespo Local School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Bloomfield-Mespo Local School District's major federal program for the fiscal year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Bloomfield-Mespo Local School District's major federal program.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to opine on the Bloomfield-Mespo Local School District's compliance for each of the Bloomfield-Mespo Local School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bloomfield-Mespo Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Bloomfield-Mespo Local School District's major program. However, our audit does not provide a legal determination of the Bloomfield-Mespo Local School District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Bloomfield-Mespo Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2013.

Board of Education  
Bloomfield-Mespo Local School District

***Report on Internal Control Over Compliance***

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

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

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

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



Julian & Grube, Inc.  
November 22, 2013

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2013**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Title I Grants to Local Educational Agencies, CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes
<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>		

None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



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**Independent Accountants' Report on Applying Agreed-Upon Procedure**

Bloomfield-Mespo Local School District  
Trumbull County  
2077 Park Road W.  
North Bloomfield, Ohio 44450-9730

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 15, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
November 22, 2013

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# Dave Yost • Auditor of State

**BLOOMFIELD-MESPO LOCAL SCHOOL DISTRICT**

**TRUMBULL 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  
JANUARY 21, 2014**