



**Mary Taylor, CPA**  
Auditor of State





# Dave Yost • Auditor of State

January 25, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

A handwritten signature in cursive script that reads "Dave Yost".

DAVE YOST  
Auditor of State

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**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Bloom Carroll Local School District  
Fairfield County  
5240 Plum Road NW  
Carroll, Ohio 43112

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

December 10, 2010



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

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The discussion and analysis of the Bloom-Carroll Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

**Financial Highlights**

- ▶ The assets of the District exceeded its liabilities at June 30, 2010 by \$6,938,038. Of this amount, \$4,900,118 represents the total of amounts invested in capital assets and amounts restricted for specific purposes and a balance of \$2,037,920 in unrestricted assets.
- ▶ In total, net assets of governmental activities increased by \$440,542 which represents a 6.78 percent increase from 2009.
- ▶ General revenues accounted for \$12,039,170 or 75.42 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$3,923,431 or 24.58 percent of total revenues of \$15,962,601.
- ▶ The District had \$15,522,059 in expenses related to governmental activities; only \$3,923,431 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$12,039,170 were used to provide for the remainder of these programs.
- ▶ The District recognizes three major governmental funds: the General, Bond Retirement and Construction Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$13,462,543 in revenues and \$13,936,599 in expenditures in fiscal year 2010.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and 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.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

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**Reporting the District as a Whole**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The statement of net assets 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. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the District's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some item that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

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

**Fund Financial Statements**

The analysis of the District's major funds begins on page 17. Fund financial statements 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, Bond Retirement and Building Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of three categories: governmental, proprietary and fiduciary funds.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

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**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds**

The District's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the District reports it as a proprietary fund using the full accrual basis of accounting.

**Fiduciary Funds**

The District's fiduciary funds are the private purpose trust and agency funds. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

**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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

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**Government-Wide Financial Analysis**

Recall that the statement of net assets provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the District's net assets for 2010 compared to fiscal year 2009:

**Table 1  
Net Assets**

	<u>Governmental Activities</u>	
	2010	2009
<u>Assets:</u>		
Current and Other Assets	\$38,953,570	\$9,580,636
Capital Assets, Net	4,248,719	3,898,860
<i>Total Assets</i>	<u>43,202,289</u>	<u>13,479,496</u>
<u>Liabilities:</u>		
Long-Term Liabilities	27,427,417	733,159
Other Liabilities	8,836,834	6,248,841
<i>Total Liabilities</i>	<u>36,264,251</u>	<u>6,982,000</u>
<u>Net Assets:</u>		
Invested in Capital Assets	3,878,762	3,898,860
Restricted	1,021,356	106,039
Unrestricted	2,037,920	2,492,597
<i>Total Net Assets</i>	<u>\$6,938,038</u>	<u>\$6,497,496</u>

Current and other assets increased \$29,372,934 from fiscal year 2009 due to an increase in cash and cash equivalents held by the District. Capital assets increased by \$349,859 as a result of construction in progress.

Current (other) liabilities increased by \$2,587,993 or 41.42 percent primarily due to increases in deferred revenue and accrued interest payable.

Long-term liabilities increased by \$26,694,258 as a result of the issuance of the school improvement bonds.

The District's largest portion of net assets is related to amounts invested in capital assets. The District used these capital assets to provide services to students; consequently, these assets are not available for future spending.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

The District has a balance of \$2,037,920 in unrestricted net assets. These net assets represent resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$1,021,356 is restricted net assets. The restricted net assets are subject to external restrictions on how they may be used.

Table 2 shows the changes in net assets for fiscal year 2010 and provides a comparison to fiscal year 2009.

**Table 2  
Change in Net Assets**

	<u>Governmental Activities</u>	
	2010	2009
<b><u>Revenues:</u></b>		
<i>Program Revenue:</i>		
Charges for Services and Sales	\$1,348,678	\$1,198,230
Operating Grants and Contributions	2,574,753	1,182,349
<i>General Revenue:</i>		
Property Taxes	5,881,489	5,422,500
Income Taxes	3,261,404	3,387,407
Unrestricted Grants and Entitlements	2,663,526	3,778,515
Investment Earnings	179,941	66,045
Miscellaneous	52,810	61,861
<i>Total Revenues</i>	<u>15,962,601</u>	<u>15,096,907</u>
<b><u>Expenses:</u></b>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	5,496,618	5,440,137
Special	1,616,280	1,467,927
Vocational	240,761	246,617
Student Intervention Services	89,386	86,092
Other	530,247	547,575

(Continued)

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

**Table 2  
Changes in Net Assets**

	2010	2009
<i>Support Services:</i>		
Pupils	801,890	754,417
Instructional Staff	806,348	860,967
Board of Education	145,696	177,642
Administration	1,695,708	1,566,080
Fiscal	264,178	300,123
Operation and Maintenance of Plant	1,282,510	1,119,893
Pupil Transportation	1,068,216	1,012,364
Central	107,770	99,469
<i>Operation of Non-Instructional Services:</i>		
Food Services	431,919	418,244
Other	3,000	0
Extracurricular Activities	561,944	621,715
Interest and Fiscal Charges	379,588	0
<i>Total Expenses</i>	<u>15,522,059</u>	<u>14,719,262</u>
Excess Revenue (Expenses) Before Special Items	440,542	377,645
Special Item	<u>0</u>	<u>625</u>
<i>Change in Net Assets</i>	440,542	378,270
Net Assets – Beginning of Year	<u>6,497,496</u>	<u>6,119,226</u>
Net Assets – End of Year	<u><u>\$6,938,038</u></u>	<u><u>\$6,497,496</u></u>

The most significant program expenses for the District are Regular Instruction, Administration, Special Instruction, Operation and Maintenance of Plant and Pupil Transportation. These programs account for 71.88 percent of the total governmental activities. Regular Instruction, which accounts for 35.41 percent of the total, represents costs associated with providing general educational services. Administration, which represents 10.92 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Special Instruction, which represents 10.41 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 8.26 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Pupil Transportation, which represents 6.88 percent of the total, represents costs associated with providing transportation services for students between home and school and to school activities.

The majority of the funding for the most significant programs indicated above is from property taxes, income taxes, and grants and entitlements not restricted for specific programs. Property taxes, income taxes, and grants and entitlements not restricted for specific programs account for 73.96 percent of total revenues.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2010*

*(Unaudited)*

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As noted previously, the net assets for the governmental activities increased \$440,542 or 6.78 percent. This is a change from last year when net assets increased \$378,270 or 6.18 percent. Total revenues increased \$865,694 or 5.73 percent from last year and expenses increased \$802,797 or 5.45 percent from last year.

The District had program revenue increases of \$1,542,852, as well as decreases in general revenues of \$677,158. The increase in program revenue and the decrease in general revenue is primarily due to the reclassification of grants revenue from unrestricted grants and entitlements to operating grants.

The total expenses for governmental activities increased as a result of three significant increases in Interest and Fiscal Charges, Operation and Maintenance of Plant and Special Instruction. Interest and Fiscal charges increased \$379,588 due to the payments on the new bond issued. Operation and Maintenance of Plant increased \$162,617 due to increases for salaries and fringe benefits. Special Instructional costs increased \$148,353 due to increases for salaries and fringe benefits.

**Governmental Activities**

Over the past, the District began having some fiscal problems that resulted in a decrease of cash balances. However, that trend began to reverse in fiscal year 2007. The District is heavily dependent on property taxes, income taxes, and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 36.85 percent, income taxes made up 20.43 percent, and intergovernmental revenue made up 32.82 percent of the total revenue for our governmental activities in fiscal year 2010.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District voters approved an income tax levy of 0.75 percent in fiscal year 1997 and it is a continuing tax. The voters of the District approved an additional income tax levy of 0.50 percent in fiscal year 2006. These levies generated approximately \$3,260,000 in revenue for general operations for fiscal year 2010.

The District's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2010, the District received \$2,989,437 through the State's foundation program, which represents 18.73 percent of the total revenue for the governmental activities. The District relies on this state funding to operate at the current levels of service.

Instruction accounts for 51.37 percent of governmental activities program expenses. Support services expenses make up 39.76 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2010 compared with fiscal year 2009. That is, it identifies the net cost of these services supported by tax revenue and unrestricted State entitlements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

**Table 3  
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
<i>Program Expenses:</i>				
Instruction	\$7,973,292	\$5,579,104	\$7,788,348	\$6,523,885
Support Services	6,172,316	5,222,884	5,890,955	5,335,760
Operation of Non-Instructional Services	434,919	(31,771)	418,244	12,097
Extracurricular Activities	561,944	448,823	621,715	466,941
Interest and Fiscal Charges	379,588	379,588	0	0
Total Expenses	<u>\$15,522,059</u>	<u>\$11,598,628</u>	<u>\$14,719,262</u>	<u>\$12,338,683</u>

**The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$42,780,946 and expenditures and other financing uses of \$16,301,291.

Total governmental funds fund balance increased by \$26,479,655. The increase in fund balance for the year was most significant in the Building Fund, an increase of \$25,915,080 reflecting revenues received from general obligation bonds issued.

With the additional income tax passed by voters in November 2005, projections beyond fiscal year 2011 show the District should be able to meet inflationary cost increases without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

**Budget Highlights - General Fund**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2010, the District amended its General Fund budget one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

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For the General Fund, the final budget basis revenue was \$13,902,810 representing a \$39,143 increase from the original budget estimates of \$13,863,667. The final budget reflected a 0.28 percent increase from the original budgeted amount. Most of this difference is due to an increase in property tax revenue during the fiscal year. The actual budget basis revenues were \$13,707,091 representing a \$195,719 decrease from the final budgeted amount. For the General Fund, the final budget basis expenditures were \$14,010,286 representing a \$125,849 decrease from the original budget estimates of \$14,136,135. The actual budget basis expenditures were \$13,825,073 representing a \$185,213 decrease from the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2010, the District had \$11.4 million invested in land, land improvements/infrastructure, buildings and improvements, furniture, fixtures, and equipment, vehicles, and library books and textbooks, of which all was in governmental activities. That total carries an accumulated depreciation of \$7.2 million. Table 4 shows fiscal year 2010 balances compared to fiscal year 2009.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

**Table 4  
Capital Assets & Accumulated Depreciation at Year End**

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
<i>Nondepreciable Capital Assets:</i>		
Land	\$806,734	\$806,734
Construction in Progress	369,957	0
<i>Depreciable Capital Assets:</i>		
Land Improvements/Infrastructure	412,727	353,205
Buildings and Improvements	5,526,604	5,429,518
Furniture, Fixtures and Equipment	2,963,056	2,893,017
Vehicles	1,173,037	1,099,937
Library Books and Textbooks	243,567	243,567
<i>Total Capital Assets</i>	<u>11,495,682</u>	<u>10,825,978</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements/Infrastructure	(156,723)	(137,575)
Buildings and Improvements	(3,374,400)	(3,252,975)
Furniture, Fixtures and Equipment	(2,531,977)	(2,423,752)
Vehicles	(940,296)	(869,249)
Library Books and Textbooks	(243,567)	(243,567)
<i>Total Accumulated Depreciation</i>	<u>(7,246,963)</u>	<u>(6,927,118)</u>
Capital Assets, Net	<u>\$4,248,719</u>	<u>\$3,898,860</u>

More detailed information pertaining to the District's capital asset activity can be found in the notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

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**Debt Administration**

At June 30, 2010, the District had \$26,500,000 in general obligation debt outstanding with \$990,000 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2010 compared to fiscal year 2009.

Table 5  
**Outstanding Debt, Governmental Activities at Year End**

<u>Purpose</u>	<u>2010</u>	<u>2009</u>
2010 School Improvement Bonds	\$26,500,000	\$0
Total	<u>\$26,500,000</u>	<u>\$0</u>

Detailed information pertaining to the District's long-term debt activity can be found in Note 17 to the basic financial statements.

**Current Issues**

Bloom-Carroll Local School District is considered a wealthy district according to the State of Ohio's property valuation per pupil formula. However, the District is only collecting the minimum 20 mills on these property values, while being charged 23 mills on the same property under the State's current formula. This rising expenditures, has necessitated the District to seek additional funding through income tax. As indicated in the preceding financial information, the District is heavily dependent on taxes and intergovernmental revenue. Nearly one-third of the District's funding is received through the State's foundation program, which along with taxes and other various grants and entitlements makes up 90 percent of the District's revenue. The District relies on state and federal funding to operate at the current level of services. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning and the passage of an income tax levy in November, 2005 will enable the District to sustain programs and strong educational processes currently in place.

Based on these factors, the Board of Education and the administration of the District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

Residential growth has not eluded the District although it has slowed over the past two years. Increasing numbers of housing developments are being approved by the townships. The new developments are attracting young families to the area as evidenced by the residential permits issued in the townships. The District's enrollment has increased by 19.55 percent since October, 2003. Residential/agricultural property contributes 96 percent of the District's real estate valuation.

In April 2010, general obligation bonds at 5.80% interest were issued in the amount of \$26,500,000, as a result of the District being approved for school facilities funding through the State Department of Education for the renovation of the High School Building and to construct a new grades 5-8 middle school building. The construction is set to begin in fiscal year 2011.

***BLOOM-CARROLL LOCAL SCHOOL DISTRICT***

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
(Unaudited)*

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**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 received. If you have any questions about this report or need additional information, contact Travis Bigam, Treasurer of Bloom-Carroll Local School Board of Education, 5240 Plum Road, Carroll, Ohio 43112.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Net Assets*

*June 30, 2010*

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	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$11,103,630
Cash and Cash Equivalents with Fiscal Agent	608,398
Property Taxes Receivable	6,877,150
Income Taxes Receivable	1,147,325
Accounts Receivable	12,082
Intergovernmental Receivable	1,967
Accrued Interest Receivable	121,582
Prepaid Items	5,433
Materials and Supplies Inventory	3,173
<i>Restricted Assets:</i>	
Cash and Cash Equivalents	18,590,000
Equity in Pooled Cash and Cash Equivalents	24,610
Deferred Charges	458,220
Nondepreciable Capital Assets	1,176,691
Depreciable Capital Assets, Net	3,072,028
<i>Total Assets</i>	<u>43,202,289</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	402,483
Accrued Wages and Benefits	1,354,248
Intergovernmental Payable	505,414
Accrued Interest Payable	324,244
Matured Compensated Absences Payable	95,518
Claims Payable	335,177
Deferred Revenue	5,819,750
<i>Long-Term Liabilities:</i>	
Due within One Year	1,083,989
Due in More Than One Year	26,343,428
<i>Total Liabilities</i>	<u>36,264,251</u>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets	3,878,762
<i>Restricted for:</i>	
Debt Service	967,896
Expendable	14,024
Nonexpendable	10,000
Other Purposes	29,436
Unrestricted	2,037,920
<i>Total Net Assets</i>	<u><u>\$6,938,038</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2010*

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
<u>Governmental Activities:</u>	Expenses			
<i>Instruction:</i>				
Regular	\$5,496,618	\$928,639	\$911,139	(\$3,656,840)
Special	1,616,280	0	505,172	(1,111,108)
Vocational	240,761	0	27,979	(212,782)
Student Intervention Services	89,386	0	0	(89,386)
Other	530,247	0	21,259	(508,988)
<i>Support Services:</i>				
Pupils	801,890	0	108,784	(693,106)
Instructional Staff	806,348	0	43,403	(762,945)
Board of Education	145,696	0	0	(145,696)
Administration	1,695,708	0	81,155	(1,614,553)
Fiscal	264,178	0	0	(264,178)
Operation and Maintenance of Plant	1,282,510	0	110,838	(1,171,672)
Pupil Transportation	1,068,216	0	547,725	(520,491)
Central	107,770	0	57,527	(50,243)
<i>Operation of Non-Instructional Services:</i>				
Food Services	431,919	327,608	138,382	34,071
Other	3,000	0	700	(2,300)
Extracurricular Activities	561,944	92,431	20,690	(448,823)
Interest and Fiscal Charges	379,588	0	0	(379,588)
<i>Total Governmental Activities</i>	<u>\$15,522,059</u>	<u>\$1,348,678</u>	<u>\$2,574,753</u>	<u>(11,598,628)</u>
 <u><i>General Revenues:</i></u>				
<i>Property Taxes Levied for:</i>				
General Purposes				4,881,249
Debt Service				1,000,240
<i>Income Taxes Levied for:</i>				
General Purposes				3,261,404
Grants and Entitlements not Restricted to Specific Programs				2,663,526
Investment Earnings				179,941
Miscellaneous				52,810
<i>Total General Revenues</i>				<u>12,039,170</u>
Change in Net Assets				440,542
<i>Net Assets at Beginning of Year</i>				<u>6,497,496</u>
<i>Net Assets at End of Year</i>				<u><u>\$6,938,038</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Balance Sheet  
Governmental Funds  
June 30, 2010*

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$2,227,966	\$1,057,879	\$7,389,151	\$342,376	\$11,017,372
Property Taxes Receivable	5,393,449	1,483,701	0	0	6,877,150
Income Taxes Receivable	1,147,325	0	0	0	1,147,325
Accounts Receivable	12,082	0	0	0	12,082
Intergovernmental Receivable	0	0	0	1,967	1,967
Accrued Interest Receivable	9,544	0	112,038	0	121,582
Prepaid Items	5,433	0	0	0	5,433
Materials and Supplies Inventory	0	0	0	3,173	3,173
<b><u>Restricted Assets:</u></b>					
Cash and Cash Equivalents	0	0	18,590,000	0	18,590,000
Equity in Pooled Cash and Cash Equivalents	24,610	0	0	0	24,610
<b><i>Total Assets</i></b>	<b><u>\$8,820,409</u></b>	<b><u>\$2,541,580</u></b>	<b><u>\$ 26,091,189</u></b>	<b><u>\$347,516</u></b>	<b><u>\$37,800,694</u></b>
<b><u>Liabilities and Fund Balances:</u></b>					
<b><u>Liabilities:</u></b>					
Accounts Payable	\$28,444	\$0	\$369,957	\$4,082	\$402,483
Accrued Wages and Benefits	1,219,016	0	0	135,232	1,354,248
Intergovernmental Payable	476,311	0	0	29,103	505,414
Deferred Revenue	4,868,759	1,331,541	0	0	6,200,300
Matured Compensated Absences Payable	95,518	0	0	0	95,518
				0	
<b><i>Total Liabilities</i></b>	<b><u>6,688,048</u></b>	<b><u>1,331,541</u></b>	<b><u>369,957</u></b>	<b><u>168,417</u></b>	<b><u>8,557,963</u></b>
<b><u>Fund Balances:</u></b>					
Reserved for Encumbrances	57,988	0	9,500	42,221	109,709
Reserved for Property Taxes	524,690	152,160	0	0	676,850
Reserved for Prepaids	5,433	0	0	0	5,433
Reserved for Textbooks and Instructional Materials	24,610	0	0	0	24,610
Reserved for Endowment	0	0	0	10,000	10,000
<b><u>Unreserved, Undesignated, Reported in:</u></b>					
General Fund	1,519,640	0	0	0	1,519,640
Special Revenue Funds	0	0	0	39,882	39,882
Debt Service Fund	0	1,057,879	0	0	1,057,879
Capital Projects Funds	0	0	25,711,732	72,972	25,784,704
Permanent Fund	0	0	0	14,024	14,024
<b><i>Total Fund Balances</i></b>	<b><u>2,132,361</u></b>	<b><u>1,210,039</u></b>	<b><u>25,721,232</u></b>	<b><u>179,099</u></b>	<b><u>29,242,731</u></b>
<b><i>Total Liabilities and Fund Balances</i></b>	<b><u>\$8,820,409</u></b>	<b><u>\$2,541,580</u></b>	<b><u>\$26,091,189</u></b>	<b><u>\$347,516</u></b>	<b><u>\$37,800,694</u></b>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2010*

**Total Governmental Funds Balances** \$29,242,731

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

Capital assets used in governmental activities are not financial resources and  
 therefore are not reported in the funds. 4,248,719

Some of the District's receivables will be collected after fiscal year-end, but are  
 not available soon enough to pay for the current period's expenditures and  
 therefore are deferred in the funds. These receivables consist of:  
     Property taxes 380,550

Unamortized issuance costs represent deferred charges which do not provide current  
 financial resources and are therefore not reported in the funds. 458,220

Some liabilities are not due and payable in the current period and therefore are  
 not reported in the funds. These liabilities consist of:

General obligation bonds	(26,500,000)	
Premium on bonds	(201,694)	
Accrued interest	(324,244)	
Compensated absences	<u>(725,723)</u>	
Total liabilities that are not reported in the funds		(27,751,661)

An internal service fund is used by management to charge the costs of insurance  
 activities to individual funds. The assets and liabilities of the internal service fund  
 are included in governmental activities in the statement of net assets. 359,479

*Net Assets of Governmental Activities* \$6,938,038

See accompanying notes to the basic financial statements.



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2010*

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>					
Property Taxes	\$5,015,001	\$918,139	\$0	\$0	\$5,933,140
Income Taxes	3,261,404	0	0	0	3,261,404
Intergovernmental	4,158,646	103,528	0	954,715	5,216,889
Interest	54,182	0	125,535	224	179,941
Tuition and Fees	928,639	0	0	0	928,639
Extracurricular Activities	0	0	0	92,431	92,431
Charges for Services	0	0	0	327,608	327,608
Rentals	1,520	0	0	0	1,520
Contributions and Donations	0	0	0	21,390	21,390
Miscellaneous	43,151	0	0	8,139	51,290
<i>Total Revenues</i>	<u>13,462,543</u>	<u>1,021,667</u>	<u>125,535</u>	<u>1,404,507</u>	<u>16,014,252</u>
<b><u>Expenditures:</u></b>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	5,230,790	0	0	214,886	5,445,676
Special	1,269,312	0	0	374,669	1,643,981
Vocational	242,891	0	0	0	242,891
Student Intervention Services	90,963	0	0	0	90,963
Other	521,562	0	0	17,742	539,304
<i>Support Services:</i>					
Pupils	749,384	0	0	106,028	855,412
Instructional Staff	775,535	0	0	53,320	828,855
Board of Education	145,778	0	0	0	145,778
Administration	1,684,159	13,322	0	1,500	1,698,981
Fiscal	259,307	0	0	0	259,307
Operation and Maintenance of Plant	1,368,575	0	0	3,300	1,371,875
Pupil Transportation	1,083,254	0	0	0	1,083,254
Central	51,437	0	0	56,761	108,198
<i>Operation of Non-Instructional Services:</i>					
Food Service Operations	0	0	0	434,627	434,627
Extracurricular Activities	433,652	0	0	119,234	552,886
Capital Outlay	30,000	0	390,739	0	420,739
<i>Debt Service:</i>					
Interest and Fiscal Charges	0	0	55,344	0	55,344
Bond Issuance Costs	0	0	458,220	0	458,220
<i>Total Expenditures</i>	<u>13,936,599</u>	<u>13,322</u>	<u>904,303</u>	<u>1,382,067</u>	<u>16,236,291</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(474,056)</u>	<u>1,008,345</u>	<u>(778,768)</u>	<u>22,440</u>	<u>(222,039)</u>
<b><u>Other Financing Sources (Uses):</u></b>					
General Obligation Bonds Issued	0	0	26,500,000	0	26,500,000
Premium on Debt Issuance	0	201,694	0	0	201,694
Transfers In	0	0	0	65,000	65,000
Transfers Out	(65,000)	0	0	0	(65,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(65,000)</u>	<u>201,694</u>	<u>26,500,000</u>	<u>65,000</u>	<u>26,701,694</u>
<i>Net Change in Fund Balances</i>	(539,056)	1,210,039	25,721,232	87,440	26,479,655
<i>Fund Balances at Beginning of Year</i>	<u>2,671,417</u>	<u>0</u>	<u>0</u>	<u>91,659</u>	<u>2,763,076</u>
<i>Fund Balances at End of Year</i>	<u>\$2,132,361</u>	<u>\$1,210,039</u>	<u>\$25,721,232</u>	<u>\$179,099</u>	<u>\$29,242,731</u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2010*

**Net Change in Fund Balances - Total Governmental Funds** \$26,479,655

*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 cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 350,748

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (889)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:  
Property taxes (51,651)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (324,244)

Bond issuance costs are reported as expenditures in the governmental funds when due, but in the statement of activities these costs are accrued as deferred charges. 458,220

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:  
Compensated absences 7,436

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current period, proceeds were received from bonds issued, including a premium of \$201,694. (26,701,694)

An internal service fund is used by management to charge the costs of insurance to individual funds. The net revenue of the internal service fund is reported as governmental activities. 222,961

*Change in Net Assets of Governmental Activities* \$440,542

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Property Taxes	\$5,127,466	\$5,220,054	\$5,220,182	\$128
Income Taxes	3,475,371	3,396,986	3,311,630	(85,356)
Intergovernmental	4,390,631	4,362,146	4,158,646	(203,500)
Interest	75,000	75,000	53,461	(21,539)
Tuition and Fees	753,910	807,335	930,323	122,988
Rentals	4,520	4,520	1,520	(3,000)
Miscellaneous	36,769	36,769	31,329	(5,440)
<i>Total Revenues</i>	13,863,667	13,902,810	13,707,091	(195,719)
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	5,380,776	5,258,910	5,199,363	59,547
Special	1,280,271	1,280,271	1,274,021	6,250
Vocational	238,203	238,203	234,462	3,741
Student Intervention Services	81,575	81,575	90,963	(9,388)
Other	553,717	553,717	519,193	34,524
<i>Support Services:</i>				
Pupils	722,081	722,081	725,690	(3,609)
Instructional Staff	774,630	774,630	762,579	12,051
Board of Education	152,885	152,885	133,068	19,817
Administration	1,700,935	1,700,935	1,665,343	35,592
Fiscal	232,590	232,590	236,580	(3,990)
Operation and Maintenance of Plant	1,391,933	1,391,933	1,371,685	20,248
Pupil Transportation	1,095,018	1,095,018	1,099,447	(4,429)
Central	63,983	60,000	51,437	8,563
Extracurricular Activities	437,538	437,538	431,242	6,296
Capital Outlay	30,000	30,000	30,000	0
<i>Total Expenditures</i>	14,136,135	14,010,286	13,825,073	185,213
<i>Excess of Revenues Over (Under) Expenditures</i>	(272,468)	(107,476)	(117,982)	(10,506)
<b><u>Other Financing Sources (Uses):</u></b>				
Insurance Recoveries	1,000	1,000	0	(1,000)
Transfers Out	(65,000)	(65,000)	(65,000)	0
Proceeds from Sale of Capital Assets	1,000	1,000	0	(1,000)
<i>Total Other Financing Sources (Uses)</i>	(63,000)	(63,000)	(65,000)	(2,000)
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(335,468)	(170,476)	(182,982)	(12,506)
<i>Fund Balance at Beginning of Year</i>	2,317,806	2,317,806	2,317,806	0
<i>Prior Year Encumbrances Appropriated</i>	48,742	48,742	48,742	0
<i>Fund Balance at End of Year</i>	\$2,031,080	\$2,196,072	\$2,183,566	(\$12,506)

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Net Assets*

*Proprietary Fund*

*June 30, 2010*

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	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Assets:</u></b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$86,258
Cash and Cash Equivalents with Fiscal Agents	<u>608,398</u>
<i>Total Current Assets</i>	<u>694,656</u>
<b><u>Liabilities:</u></b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>335,177</u>
<b><u>Net Assets:</u></b>	
Unrestricted	<u><u>\$359,479</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2010*

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	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Operating Revenues:</u></b>	
Charges for Services	<u>\$1,380,079</u>
<b><u>Operating Expenses:</u></b>	
Purchased Services	111,738
Claims	<u>1,045,380</u>
<i>Total Operating Expenses</i>	<u>1,157,118</u>
<i>Change in Net Assets</i>	222,961
<i>Net Assets at Beginning of Year</i>	<u>136,518</u>
<i>Net Assets at End of Year</i>	<u><u>\$359,479</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Cash Flows*

*Proprietary Fund*

*For the Fiscal Year Ended June 30, 2010*

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	Governmental Activities
	Internal Service
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Interfund Charges	\$1,380,079
Cash Payments for Goods and Services	(111,738)
Cash Payments for Claims	(949,793)
	<hr/>
<i>Net Cash from Operating Activities</i>	318,548
	<hr/>
<i>Net Increase in Cash and Cash Equivalents</i>	318,548
	<hr/>
<i>Cash and Cash Equivalents at Beginning of Year</i>	376,108
	<hr/>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$694,656</u>
	<hr/>
<b><u>Reconciliation of Operating Income</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
Operating Income	\$222,961
<b><u>Adjustments to Reconcile Operating Income</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
<i>Increase in Liabilities:</i>	
Claims Payable	95,587
	<hr/>
Total Adjustments	95,587
	<hr/>
<i>Net Cash from Operating Activities</i>	<u>\$318,548</u>
	<hr/>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2010*

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$2,036	\$23,026
<b><u>Liabilities:</u></b>		
Accounts Payable	140	0
Due to Students	0	23,026
<i>Total Liabilities</i>	<u>140</u>	<u>23,026</u>
<b><u>Net Assets:</u></b>		
<i>Held in Trust for:</i>		
Other Individuals and Organizations	<u>\$1,896</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Change in Fiduciary Net Assets*

*Fiduciary Fund*

*For the Fiscal Year Ended June 30, 2010*

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	<u>Private Purpose Trust</u>
<b><u>Additions:</u></b>	
Gifts and Donations	\$3,070
Interest	<u>1</u>
<i>Total Additions</i>	3,071
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreements	<u>3,440</u>
<i>Change in Net Assets</i>	(369)
<i>Net Assets at Beginning of Year</i>	<u>2,265</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,896</u></u>

See accompanying notes to the basic financial statements.



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Description of the School District**

Bloom-Carroll Local School District, (the District) is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District is a local school district as defined by Ohio Revised Code Section 3311.03. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District is located in Fairfield County, within portions of Bloom Township and Greenfield Township, and the Village of Carroll, Ohio. It is staffed by 55 non-certificated employees, 111 (including administrative) full-time and part-time employees who provide services to 1,688 students in grades K through 12 and various community groups, which ranks it 380 out of approximately 705 public and community school districts in Ohio. The District currently operates 4 instructional buildings.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District has no component units.

The District is associated with four organizations, three of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are the Metropolitan Educational Council, the South Central Ohio Insurance Consortium, Central Ohio Special Education Regional Resource Center and the Sheakley Uniservice, Inc. Worker's Compensation Group Rating Plan. These organizations are presented in Notes 19 and 20 to the basic financial statements.

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

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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

**A. Basis of Presentation**

The District's basic financial statement consists of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. The major funds are presented in separate columns. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

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

**Governmental Funds**

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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

The following are the District's major governmental funds:

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

**Bond Retirement Fund** - This fund is used to account for financial resources accumulated for the payment of general long-time debt principal, interest and related costs.

**Building Fund** - This fund is used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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

**Proprietary Fund**

The proprietary fund focus is on the determination of operating income, change in net assets, financial position and cash flows and is classified as internal service. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides dental, vision and health benefits to employees.

**Fiduciary Funds**

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the full accrual economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities presents increases (revenues) and decreases (expenses) in total net assets.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance 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.

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included on the statement of net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (revenues) and decreases (expenses) in total fund assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

The private purpose trust fund is reported using economic resource measurement focus.

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 non-exchange transactions must also be available before it can be recognized.

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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

**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District records. Interest in the pool is presented as “cash and cash equivalents” on the financial statements.

During the fiscal year 2010, the District’s investments were limited to the Federal Securities and State Treasury Asset Reserve of Ohio (STAROhio). Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$54,182, which includes \$28,991 assigned from other District funds.

Cash and cash equivalents that are held separately with the District’s third party administrator for its self insurance program, and not included in the District Treasury, are recorded as “Cash and Cash Equivalents with Fiscal Agents”.

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 presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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

**F. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Restricted Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted assets in the General Fund include amounts required by statute to be set-aside by the District to create a reserve for textbooks and capital improvements. See Note 18 for additional information regarding set-asides.

**I. Capital Assets**

General capital assets are associated with and generally arise from 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 assets 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 retirements 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 \$500. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements/Infrastructure	20 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	10 years
Library Books and Textbooks	6 years

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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

**J. Interfund Balances**

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

**K. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the District’s leave policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 20 years of service with the District.

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

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

**L. Accrued Liabilities and Long-Term Liabilities**

All payables, accrued liabilities and long-term liabilities 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 judgements 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 in the current year.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

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

**N. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for prepaids represents the portion of fund balance segregated for prepaid items to indicate that they do not represent expendable financial resources. The reserve for endowment represents the principal amount of the permanent trust legally restricted for endowment purposes.

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the self-insurance service that is the primary activity of that fund.

**P. Interfund Transactions**

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

**Q. 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 District administration and that are either unusual in nature or infrequent in occurrence. The District did not have any special items during fiscal year 2010.

**R. Estimates**

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



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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

**S. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The District Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amount reported as the original budgeted amounts in the budgetary statement reflects the amounts in the certificate when the appropriations were adopted. The amount reported as the final budgeted amounts in the budgetary statement reflects the amounts in the final amended certificate issued during fiscal year 2010.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**NOTE 3- NEW GASB PRONOUNCEMENTS**

For fiscal year 2010, the District implemented GASB Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, and GASB No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”. The implementation of GASB Statement No. 53 and 58 had no effect on the prior period fund balances of the District.

**NOTE 4 - ACCOUNTABILITY**

The following funds had deficit fund balances as of June 30, 2010:

*Nonmajor Special Revenue Funds:*

IDEA-B	\$16,424
Education Stabilization	3,171
Title I	21,277
Drug Free Schools Grant	25
Title II-A	8,388

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While the District is 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 and described earlier is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance.

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

<u>Net Change in Fund Balance</u>	
Budget Basis	(\$182,982)
<i>Adjustments:</i>	
Revenue Accruals	(244,548)
Expenditure Accruals	(180,534)
Encumbrances	69,008
GAAP Basis	<u>(\$539,056)</u>

**NOTE 6 - 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 has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**NOTE 6 - DEPOSITS AND INVESTMENTS** - (Continued)

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.

Interim monies may 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

**Deposits:** Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

**NOTE 6 - DEPOSITS AND INVESTMENTS** – (Continued)

At June 30, 2010, the carrying amount of all the District deposits was \$10,119,711 which includes \$608,398 of cash with fiscal agent. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of June 30, 2010, \$8,809,318 of the District’s bank balance of \$9,753,318 was with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name, while \$944,000 was covered by Federal Deposit Insurance in the manner described above.

**Investments:** The District had the following investments at June 30, 2010:

Investment Type	Fair Value	Maturity less than one year	Maturity one year to three years	Maturity three years to five years
STAROhio	\$191,989	\$191,989	\$0	\$0
Federal Home Loan Mortgage Corporation Notes	3,758,000	0	2,958,000	800,000
Federal Home Loan Bank Notes	6,135,000	0	5,735,000	400,000
Federal National Mortgage Association Notes	7,591,000	0	7,341,000	250,000
Federal Farm Credit Bank Discounts Notes	2,556,000	0	2,556,000	0
Total Fair Value	\$20,231,989	\$191,989	\$18,590,000	\$1,450,000

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the District manages its exposure to declines in fair values by keeping the portfolio sufficiently liquid to enable the school to meet all operating requirements.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits their investments to STAR Ohio and obligations of Federal Government Agencies or Instrumentalities as described in Ohio Revised Code Section 135.143A(2). Investments in STAR Ohio were rated ‘AAAm’ by Standard & Poor’s. Investments in all government securities were rated ‘AAA’ by Standard and Poor’s.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s investment policy allows investments in eligible securities as described in the Ohio Revised Code. The District has invested 99.1% in government securities and 0.9% in STAR Ohio.

**Custodial Credit Risk:** 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 does not have a policy for custodial credit risk.

All of the District’s investments are either insured and registered in the name of the District or at least registered in the name of the District.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments included within the District’s cash management pool and investments with a maturity date of three months or less.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

**NOTE 6 - DEPOSITS AND INVESTMENTS** – (Continued)

Reconciliation between the classifications of cash and cash equivalents and investments on the basic financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$30,351,700	\$0
<i>Investments:</i>		
STAR Ohio	(191,989)	191,989
Government Securities	(20,040,000)	20,040,000
GASB Statement No. 3	<u>\$10,119,711</u>	<u>\$20,231,989</u>

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property tax) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

**NOTE 7 - PROPERTY TAXES** – (Continued)

The District receives property taxes from Fairfield 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, 2009 are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the June 2010 personal property tax settlement, delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which become measurable as of June 30, 2010. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2010 was \$676,850 and is recognized as revenue in the General Fund and Bond Retirement Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$273,149,780	96.85%	\$274,985,970	96.63%
Public Utility Personal	8,874,080	3.15%	9,256,980	3.25%
Tangible Personal Property	0	0.0%	321,870	0.12%
Total Assessed Value	<u>\$282,023,860</u>	<u>100.00%</u>	<u>\$284,564,820</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$42.30		\$42.30

**NOTE 8- INCOME TAXES**

The District levies a voted tax of 1.25 percent for general operations on the income of residents. The District had a 0.75 percent tax that was effective on January 1, 1998 and is a continuing tax. In November 2005, the voters of the District passed an additional income tax levy of 0.50 percent that became effective January 1, 2006. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of \$3,261,404 was credited to the General Fund during fiscal year 2010.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**NOTE 9 - INTERFUND ACTIVITY**

A summary of interfund transfers for fiscal year 2010 are as follows:

<u>Transfers From</u>	<u>Transfers To</u>
	<u>Capital Projects Reserve</u>
General Fund	<u>\$65,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 10 - RECEIVABLES**

Receivables at June 30, 2010 consisted of property taxes, income taxes, accounts (student fees), interfund, interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:

*Nonmajor Special Revenue Funds:*

Food Service	\$1,967
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**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

**NOTE 11 - CAPITAL ASSETS**

Capital asset governmental activity for the fiscal year ended June 30, 2010 was as follows:

<u>Asset Category</u>	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>
<i>Nondepreciable Capital Assets:</i>				
Land	\$806,734	\$0	\$0	\$806,734
Construction in Progress	0	369,957	0	369,957
<i>Depreciable Capital Assets:</i>				
Land Improvements/Infrastructure	353,205	59,522	0	412,727
Buildings and Improvements	5,429,518	97,086	0	5,526,604
Furniture, Fixtures and Equipment	2,893,017	95,890	(25,851)	2,963,056
Vehicles	1,099,937	73,100	0	1,173,037
Library Books and Textbooks	243,567	0	0	243,567
Total Depreciable Capital Assets	10,019,244	325,598	(25,851)	10,318,991
Total Capital Assets	10,825,978	695,555	(25,851)	11,495,682
<i>Accumulated Depreciation:</i>				
Land Improvements/Infrastructure	(137,575)	(19,148)	0	(156,723)
Buildings and Improvements	(3,252,975)	(121,425)	0	(3,374,400)
Furniture, Fixtures and Equipment	(2,423,752)	(133,187)	24,962	(2,531,977)
Vehicles	(869,249)	(71,047)	0	(940,296)
Library Books and Textbooks	(243,567)	0	0	(243,567)
Total Accumulated Depreciation	(6,927,118)	(344,807)	24,962	(7,246,963)
Total Net Capital Assets	\$3,898,860	\$350,748	(\$889)	\$4,248,719



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**NOTE 11 - CAPITAL ASSETS** - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$129,394
Special	353
Vocational	475
<i>Support Services:</i>	
Pupils	11,648
Instructional Staff	4,831
Administration	5,287
Fiscal	509
Operation and Maintenance of Plant	90,112
Pupil Transportation	72,069
Operation of Non-Instructional Services	4,034
Extracurricular Activities	26,095
Total Depreciation Expense	<u>\$344,807</u>

**NOTE 12 - RISK MANAGEMENT**

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. During fiscal year 2010, the District contracted with Ohio Casualty for professional and general liability insurance, fleet insurance, and property insurance. Coverages provided are as follows:

Building and Contents (\$2,500 deductible)	\$23,550,680
Inland Marine Coverage (\$250 deductible)	50,000
<i>Automobile Liability:</i> (\$500 deductible for collision and \$250 comprehensive) Each Accident	1,000,000
Aggregate Limit per Year	3,000,000
<i>Professional and General Liability:</i> Each Occurrence	1,000,000
Aggregate Limit per Year	2,000,000

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**NOTE 12 - RISK MANAGEMENT** - (Continued)

Umbrella Liability	2,000,000
<i>Public Officials Bonds:</i>	
Treasurer	50,000
Superintendent	50,000
Board President	50,000
Public Employee Dishonesty	25,000

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

For fiscal year 2010, the District participated in the Sheakley Uniservice, Inc. Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 20). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

The District provides medical, prescription and dental insurance for its employees. Premiums are paid directly to the South Central Ohio Insurance Consortium (SCOIC), who then submits payments for actual claims to Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a third party administrator, who services all claims submitted by employees.

The District was self funded with the South Central Ohio Insurance Consortium effective January 1, 2002.

The South Central Ohio Insurance Consortium was established to accumulate balances sufficient to self-insure basic medical and prescription drug coverage and permit excess umbrella coverage for claims over a predetermined level. The Board's share and the employees' share of premium contributions are determined by the negotiated agreement for certificated employees and by Board action for administrators and classified employees.

Premiums are paid to the South Central Ohio Insurance Consortium Fund from the Self Insurance Fund of the District. The cash balance with the fiscal agent at June 30, 2010, was \$608,398. Claims payments are made on an as-incurred basis by the third party administrator, with the balance of contributions remaining with the Fiscal Agent of the Consortium.

The member districts are self insured for medical, dental and pharmacy benefits. The risk for medical, dental and pharmacy benefits remains with the member districts. The claims payable will be reported for medical, dental and pharmacy claims as of June 30, 2010, and cash with fiscal agent for the balance of funds held by the Consortium that covers medical, dental and pharmacy claims will be reported.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

**NOTE 12 - RISK MANAGEMENT** - (Continued)

The claims liability of \$335,177 supported at June 30, 2010 is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2009	\$58,566	\$1,291,910	\$1,110,886	\$239,590
2010	239,590	1,045,380	949,793	335,177

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

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

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 2010, 12.78 percent of the annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$345,397, \$103,860, and \$272,089, respectively; 48.88 percent has been contributed for fiscal year 2010 and 100 percent for the fiscal years 2009 and 2008. \$176,560 representing the unpaid contribution for fiscal year 2010 is recorded as a liability on the statement of net assets.

**State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-4090 or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS** - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For fiscal year ended June 30, 2010, plan members are 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. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$890,654, \$651,367, and \$889,933, respectively; 83.98 percent has been contributed for fiscal year 2010 and 100 percent for the fiscal years 2009 and 2008. \$142,718 representing the unpaid contribution for fiscal year 2010 is recorded as a liability on the statement of net assets.

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, no members of the Board of Education have elected Social Security.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**Plan Description** - Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or the combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums.

The State Teachers Retirement Board has statutory authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**NOTE 14 - POSTEMPLOYMENT BENEFITS** - (Continued)

STRS Ohio issues a stand-alone financial report that includes financial information for the health care plan. Interested parties can view the most recent *Comprehensive Annual Financial Report* at [www.strsoh.org](http://www.strsoh.org) or obtain a copy by calling (888)227-7877.

**Funding Policy** - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. The 14 percent contribution is the maximum rate allowed under Ohio law.

All STRS benefit recipients pay a portion of the health care cost in the form of a monthly premium. The Districts' contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$68,512, \$50,105 and \$68,456 respectively; 100 percent has been contributed for years 2010, 2009, and 2008.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$2.7 billion at June 30, 2009 (the latest information year available). For the year ended June 30, 2009, net health care costs paid by STRS were \$298,110,000 and STRS had 126,659 eligible benefit recipients.

**Health Care Plan** - Ohio law authorizes SERS Ohio to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's 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 Ohio Revised Code (ORC) postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

**The Medicare B plan** - reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. 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 2010 was \$96.40, SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2010, the actuarially required allocation is 0.76 %. Bloom Carroll Local School District's contributions for the years ended June 30, 2010, 2009 and 2008 were, \$2,876, \$1,108, \$2,560, respectively, which equaled the required contributions each year.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2010, the health care allocation is 0.46%. 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. Bloom Carroll Local School District's contributions assigned to health care for the years ended June 30, 2010, 2009, and 2008 were \$59,474, \$70,622 and \$139,904, respectively.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

**NOTE 14 - POSTEMPLOYMENT BENEFITS** - (Continued)

The SERS 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 financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Forms and Publications*.

**NOTE 15 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for aides and 220 for all other classified employees and 260 for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 45 days for aides and all other classified employees, 56 ¼ days for certified employees, and 70 days for certified administration employees.

**Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to all full time employees through Aetna in the amount of \$40,000 for all employees. The District pays 100% of the premiums.

**NOTE 16 - NOTE OBLIGATIONS**

The changes in the School District's short-term note obligations during fiscal year 2010 were as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding at July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding at June 30, 2010</u>
<u>Governmental Activities:</u>						
Bond Anticipation Note	2010	1.375%	0	11,500,000	11,500,000	0
Total Governmental Activities Note Obligations			<u>\$0</u>	<u>\$11,500,000</u>	<u>\$11,500,000</u>	<u>\$0</u>

On December 30, 2009, Bloom Carroll Local School District issued a \$11,500,000 bond anticipation note to cover construction expenses. This debt was issued by the Construction Fund for construction expenses and was paid off in May 2010 from the Construction Fund with the proceeds from issuance of bonds.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

**NOTE 17 - LONG-TERM LIABILITIES**

The changes in the District's long-term liabilities during fiscal year 2010 were as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2010</u>	<u>Amount Due in One Year</u>
<u>Governmental Activities:</u>							
School Improvement Bonds	2010	5.80%	\$0	\$26,500,000	\$0	\$26,500,000	\$990,000
Add Deferred Amounts:							
Issuance Premiums on Bonds			0	201,694	0	201,694	7,204
Compensated Absences			733,159	285,430	292,866	725,723	86,785
Total Governmental Activities Long-Term Liabilities			<u>\$733,159</u>	<u>\$26,987,124</u>	<u>\$292,866</u>	<u>\$27,427,417</u>	<u>\$1,083,989</u>

*General Obligations Bonds – Buildings and Improvements* – In April 2010, general obligation bonds at 5.80% interest were issued in the amount of \$26,500,000, as a result of the District being approved for school facilities funding through the State Department of Education for the renovation of the High School Building and to construct a new grades 5-8 middle school building. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2037. The District issued the general obligation bonds to provide a partial cash match to the school facilities funding. As a requirement of the school facilities funding program, the District passed a 5.8 mill levy in November 2009. These bonds will be retired through the Bond Retirement Fund using these tax revenues.

The compensated absences are paid from the fund from which the respective employees' salaries are paid. Most of the District's employees are paid from the General Fund, with the remainder being paid from the Title VI-B and Title I Funds.

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 District's voted legal debt margin was (\$889,166) with an unvoted debt margin of \$284,565 at June 30, 2010. The District was granted permission to exceed the voted debt limit of 9% of their total assessed valuation by the State Superintendent of Public Instruction and the Ohio Department of Taxation before issuing these bonds.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2010*

**NOTE 17 - LONG-TERM LIABILITIES** - (Continued)

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2010 are as follows:

Year Ending June 30	Principal	Interest
2011	\$990,000	\$1,784,598
2012	795,000	1,574,850
2013	815,000	1,574,850
2014	840,000	1,574,850
2015	865,000	1,574,850
2016-2020	4,735,000	7,874,250
2021-2025	5,490,000	7,874,250
2026-2030	4,215,000	3,583,090
2031-2035	4,540,000	1,840,810
2036-2038	3,215,000	325,785
Total	<u>\$26,500,000</u>	<u>\$29,582,183</u>

**NOTE 18 - STATUTORY SET-ASIDES**

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2010:

	Textbooks	Capital Improvements	Totals
Set-Aside Balance as of July 1, 2009	(\$2,648)	\$0	(\$2,648)
Current Year Set-Aside Requirement	261,637	261,637	523,274
Qualifying Disbursements	(234,379)	(314,692)	(549,071)
Total	<u>24,610</u>	<u>(53,055)</u>	<u>(28,445)</u>
Set-Aside Balance as of June 30, 2010	<u>\$24,610</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$24,610</u>

Although the District can have qualifying disbursements during the year that exceed the current year set-aside requirements in both the textbook and capital improvement reserve accounts, only the excess in the textbook reserve account can be carried forward to offset future years' textbook set-aside requirements. Each reserve should be represented by restricted cash at year-end and carried forward to be used for the same purposes in future years. Each reserve is restricted on the statements and can be used to offset future year requirements.



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATION**

**Metropolitan Educational Council (MEC)**

MEC is a jointly governed organization among school districts in Franklin, Fairfield, Madison, Pickaway and Union counties. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, the administrative and instructional functions among member districts. Each of the member districts support MEC based upon a per pupil charge, dependent upon services utilized. The governing board consists of a representative from each Franklin County district. Districts outside of Franklin County are associate members and each County selects a single district to represent them on the governing board. MEC is its own fiscal agent. The District paid \$61,213 to MEC for services provided during fiscal year 2010. In accordance with GASB Statement No. 14, the District does not have any equity interest in MEC because the residual interest in the net resources of a joint venture upon dissolution is not equivalent to any equity interest.

**South Central Ohio Insurance Consortium (SCOIC)**

The SCOIC is a regional council of governments organized under Ohio Revised Code Section 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its members consisting of nine entities within Fairfield and Fayette Counties. The governing board consists of the superintendent or other designees appointed by each of the members of the SCOIC. The participating members pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. The District does not have an ongoing interest in or ongoing financial responsibility for the SCOIC other than claims paid on behalf of the District for their employees. The District joined the SCOIC on January 1, 2002. To obtain financial information, write to the Liberty Union Thurston Local School District, David Butler, who serves as Treasurer, at 621 W. Washington St., Baltimore, Ohio 43105.

**Central Ohio Special Education Regional Resource Center**

The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in central Ohio which comprise sixty percent of the Board, two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Development Disabilities, representatives of universities and students and persons with disabilities representations. COSERRC assists the District in complying with mandates of Public Law 99-456 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Council.

**NOTE 20 - INSURANCE PURCHASING POOL**

**Sheakley Uniservice, Inc. Worker's Compensation Group Rating Plan**

The District participates in a Worker's Compensation Group Rating Program (GRP), and insurance purchasing pool with the Sheakley Uniservice, Inc. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010*

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**NOTE 21 - CONTINGENCIES**

**Grants:** The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>FEDERAL GRANTOR</b>		Federal		
<i>Pass Through Grantor</i>	Grant Award	CFDA		
Program Title	Year	Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>				
<b><i>Passed Through Ohio Department of Education:</i></b>				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2010	10.555	\$ 25,301	\$ 25,301
Cash Assistance				
School Breakfast Program	2010	10.553	23,018	23,018
National School Lunch Program	2010	10.555	124,164	124,164
Total Nutrition Cluster			<u>172,483</u>	<u>172,483</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>172,483</u></b>	<b><u>172,483</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>				
Safe and Drug-Free Schools and Communities				
National Program	N/A	84.184	56,491	56,611
<b><i>Passed Through Ohio Department of Education:</i></b>				
Title 1 Cluster:				
Title 1 Grants to Local Educational Agencies Program	2010	84.010	115,730	115,730
ARRA - Title 1 Grants to Local Educational Agencies Program		84.389	70,216	58,928
Total Title 1 Cluster			<u>185,946</u>	<u>174,658</u>
Special Education Cluster:				
Special Education_Grants to States Program	2010	84.027	268,669	268,669
ARRA - Special Education_Grants to States Program		84.391	32,126	8,284
Total Special Education Cluster			<u>300,795</u>	<u>276,953</u>
Safe and Drug-Free Schools and Communities				
State Grants Program	2010	84.186	3,505	3,505
State Grants for Innovative Programs	2009	84.298	-	964
Education Technology State Grants Program	2010	84.318	1,036	281
Improving Teacher Quality State Grants Program	2009	84.367	-	1,395
	2010		33,828	33,828
Total Improving Teacher Quality State Grants Program			<u>33,828</u>	<u>35,223</u>
ARRA - Fiscal Stabilization Program	2010	84.394	212,586	186,091
<b>Total U.S. Department of Education</b>			<b><u>794,187</u></b>	<b><u>734,286</u></b>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY:</u></b>				
<b><i>Passed Through Ohio Environmental Protection Agency:</i></b>				
ARRA - Clean Diesel Grant Program	2010	66.040	16,526	16,526
<b>Total U.S. Department of Environmental Protection Agency</b>			<b><u>16,526</u></b>	<b><u>16,526</u></b>
<b>Totals</b>			<b><u>\$ 983,196</u></b>	<b><u>\$ 923,295</u></b>

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

**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C - FOOD DONATION PROGRAM**

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



# Mary Taylor, CPA

Auditor of State

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

Bloom Carroll Local School District  
Fairfield County  
5240 Plum Road NW  
Carroll, Ohio 43112

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weakness.

### Compliance and Other Matters

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

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 10, 2010.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Board of Education, others within the entity, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 10, 2010



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, AND ON THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE

Bloom Carroll Local School District  
Fairfield County  
5240 Plum Road NW  
Carroll, Ohio 43112

To the Board of Education:

#### Compliance

We have audited the compliance of Bloom Carroll Local School District, Fairfield County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

#### Internal Control over Compliance

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

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*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

December 10, 2010



**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title 1 Grants to Local Education Agencies Program Cluster (CFDA 84.010 & 84.389) Special Education Grants to States Program Cluster (CFDA 84.027 & 84.391) Fiscal Stabilization Program (CFDA 84.394)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010  
(Continued)**

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

**FINDING 2010-01**

**Material Weakness**

**GAAP Financial Statement Adjustments**

Sound financial reporting is the responsibility of the Treasurer and the Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The District had six audit adjustments or reclassifications to the June 30, 2010 financial statements as follows:

- Premium on debt issuance of \$193,848 was incorrectly recorded in the Building Fund rather than the Bond Retirement Fund,
- Building fund investments of \$18,950,000 were reclassified as restricted assets,
- Accounts payable was understated \$411,167, and
- Capital assets and invested in capital assets net of related debt were understated \$369,957.

Not presenting financial information accurately resulted in the financial statements requiring the above audit adjustment entries, including additional time and effort to identify the variances and discrepancies.

We recommend the Treasurer take steps to ensure the accurate presentation of the financial statements. Financial transactions should be posted in accordance with procedures established by generally accepted account principles (GAAP). By exercising accuracy in recording financial activity, the District can reduce posting errors and increase the reliability of the financial data throughout the year and at year end.

The District's financial statements and, where applicable, the accounting records have been adjusted to accurately reflect these adjustments.

The Treasurer should review the audit adjustments identified above to ensure that similar errors are not reported in subsequent years. In addition, the District should adopt policies and procedures for the review of financial activity posted to the accounting records and financial statements, including the notes and management's discussion and analysis to identify and correct errors and omissions.

Officials' Response:

The District agrees with the adjustments as presented.

**3. FINDINGS FOR FEDERAL AWARDS**

None



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Bloom Carroll Local School District  
Fairfield County  
5240 Plum Road NW  
Carroll, Ohio 43112

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 procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Groveport Madison Local School District, Franklin County, Ohio, (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on October 10, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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 of Education and management, and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 10, 2010



Mary Taylor, CPA  
Auditor of State

**BLOOM CARROLL LOCAL SCHOOL DISTRICT**

**FAIRFIELD 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 25, 2011**