



**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2014**



**Dave Yost • Auditor of State**



**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
<b>Basic Financial Statements:</b>	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position.....	17
Statement of Activities .....	18
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds .....	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund.....	23
Statement of Net Position - Proprietary Fund.....	24
Statement of Revenues, Expenses and Change in Fund Net Position - Proprietary Fund.....	25
Statement of Cash Flows - Proprietary Fund .....	26
Statement of Fiduciary Net Assets - Fiduciary Funds .....	27
Statement of Fiduciary Net Position - Fiduciary Funds .....	28
Notes to the Basic Financial Statements .....	29
Federal Awards Receipts and Expenditures Schedule.....	59
Notes to the Federal Awards Receipts and Expenditures Schedule .....	60
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	61
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	63
Schedule of Findings.....	65
Schedule of Prior Audit Findings.....	66

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

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

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio, as of June 30, 2014, 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 accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

January 9, 2015

**THIS PAGE INTENTIONALLY LEFT BLANK**



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*

---

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, 2014. 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 and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2014 by \$10,457,114. Of this amount, \$6,480,461 represents the total amount of net position invested in capital assets and restricted for specific purposes, and the balance of \$3,976,653 represents the District's unrestricted net position.
- ▶ In total, net position of governmental activities increased by \$1,897,120 which represents a 22.16 percent increase from 2013.
- ▶ General revenues accounted for \$16,702,777 or 80.89 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$3,945,907 or 19.11 percent of total revenues of \$20,648,684.
- ▶ The District had \$18,755,972 in expenses related to governmental activities; only \$3,945,907 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 \$16,702,777 were used to provide for the remainder of these programs.
- ▶ The District recognizes two major governmental funds: the General and Bond Retirement 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 \$16,909,404 in revenues and \$16,113,836 in expenditures in fiscal year 2014.

**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, 2014  
(Unaudited)*

---

**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 position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. 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 position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 position changed during the recent fiscal year. All changes in net position 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 19. 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, 2014  
(Unaudited)*

---

**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, 2014  
(Unaudited)*

---

**Government-Wide Financial Analysis**

Recall that the statement of net position 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 position or 2014 compared to fiscal year 2013:

Table 1  
**Net Position at Year End**

	<b><u>Governmental Activities</u></b>	
		(restated)
	2014	2013
<b><u>Assets:</u></b>		
Current and Other Assets	\$14,434,793	\$13,672,559
Capital Assets, Net	29,851,329	30,002,389
<i>Total Assets</i>	<u>44,286,122</u>	<u>43,674,948</u>
<b>Deferred Outflows of Resources</b>	<u>88,341</u>	<u>92,022</u>
<b><u>Liabilities:</u></b>		
Long-Term Liabilities	24,546,921	25,481,478
Other Liabilities	2,246,793	2,458,698
<i>Total Liabilities</i>	<u>26,793,714</u>	<u>27,940,176</u>
<b>Deferred Inflows of Resources</b>	<u>7,123,635</u>	<u>7,266,800</u>
<b><u>Net Position:</u></b>		
Net Investment in Capital Assets	5,952,656	12,175,116
Restricted	527,805	390,171
Unrestricted	3,976,653	(4,005,293)
<i>Total Net Position</i>	<u><u>\$10,457,114</u></u>	<u><u>\$8,559,994</u></u>

Current and other assets increased \$762,234 from fiscal year 2014 due to an increase in cash and cash equivalents held by the District. Capital assets decreased by \$151,060 as a result of depreciation exceeding capital outlay in the current period.

Current (other) liabilities decreased by \$211,905 primarily due to decreases in intergovernmental payable and claims payable.

Long-term liabilities decreased by \$934,557 due to scheduled debt payments made by the District.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*

The District's largest portion of net position 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.

The District has a balance of \$3,976,653 in unrestricted net position. Unrestricted net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$527,805 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2014 and provides a comparison to fiscal year 2013.

Table 2  
**Changes in Net Position**

	<b><u>Governmental Activities</u></b>	
		(restated)
	2014	2013
<b><u>Revenues:</u></b>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$1,936,656	\$1,647,277
Operating Grants and Contributions	1,466,325	984,159
Capital Grants and Contributions	542,926	395,396
<i>General Revenues:</i>		
Property Taxes	8,146,826	8,145,505
Income Taxes	4,106,775	3,855,565
Unrestricted Grants and Entitlements	4,256,659	4,795,493
Investment Earnings	19,720	34,444
Miscellaneous	172,797	79,459
<i>Total Revenues</i>	<u>20,648,684</u>	<u>19,937,298</u>

(Continued)

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*

Table 2  
**Changes in Net Position**

	<u>Governmental Activities</u>	
	2014	(restated) 2013
<b><u>Expenses:</u></b>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	7,006,323	5,769,934
Special	1,831,818	1,605,860
Vocational	157,714	191,595
Student Intervention Services	116,365	123,331
Other	661,190	595,617
<i>Support Services:</i>		
Pupils	777,281	763,997
Instructional Staff	583,690	866,816
Board of Education	202,705	138,793
Administration	1,855,563	93,957
Fiscal	322,211	283,788
Operation and Maintenance of Plant	1,529,638	1,358,264
Pupil Transportation	1,016,820	1,323,545
Central	183,513	74,576
<i>Operation of Non-Instructional Services:</i>		
Food Services	630,145	603,457
Community Services	1,500	2,000
Extracurricular Activities	650,618	676,289
<i>Debt Service:</i>		
Interest and Fiscal Charges	1,228,878	1,528,971
Issuance Costs	0	198,579
<i>Total Expenses</i>	<u>18,755,972</u>	<u>17,899,369</u>
<i>Change in Net Position Before Special Item</i>	1,892,712	2,037,929
<i>Special Item</i>	<u>4,408</u>	<u>0</u>
<i>Change in Net Position</i>	1,897,120	2,037,929
Net Position - Beginning of Year, As Restated	8,559,994	6,522,065
Net Position - End of Year	<u>\$10,457,114</u>	<u>\$8,559,994</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*

---

The most significant program expenses for the District are Regular Instruction, Administration, Special Instruction, Operation and Maintenance of Plant, Interest and Fiscal Charges, and Pupil Transportation. These programs account for 77.14 percent of the total governmental activities. Regular Instruction, which accounts for 37.36 percent of the total, represents costs associated with providing general educational services. Administration, which represents 9.89 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 9.76 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 8.16 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Interest and Fiscal Charges, which accounts for 6.55 percent of the total, represents costs associated with interest and fees related to long term debt. Pupil Transportation, which represents 5.42 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, operating grants and contributions, and grants and entitlements not restricted for specific programs. Property taxes, grants and entitlements not restricted for specific programs and income taxes account for 79.96 percent of total revenues.

As noted previously, the net position for the governmental activities increased \$1,897,120 or 22.16 percent. This is a change from last year when net position increased \$2,037,929 or 31.25 percent. Total revenues increased \$711,386 or 3.57 percent from last year and expenses increased \$856,603 or 4.79 percent from last year.

The District had program revenue increases of \$919,075, as well as decreases in general revenues of \$207,689. The increase in program revenue is primarily due to an increase in operating grants and contributions. The decrease in general revenue is primarily due to a decrease in unrestricted grants and entitlements.

The total expenses for governmental activities increased primarily as a result of significant increases in Regular Instruction and Administration expense.

**Governmental Activities**

Over the past years, 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 39.45 percent, income taxes made up 19.89 percent, and intergovernmental revenue made up 30.35 percent of the total revenue for our governmental activities in fiscal year 2014.

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 \$4,100,000 in revenue for general operations for fiscal year 2014.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*

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 2014, the District received \$3,611,807 through the State's foundation program, which represents 17.49 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 52.11 percent of governmental activities program expenses. Support services expenses make up 34.50 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 2014 compared with fiscal year 2013. That is, it identifies the net cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
**Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
<i>Program Expenses:</i>				
Instruction	\$9,773,410	\$6,783,286	\$8,286,337	\$6,263,009
Support Services	6,471,421	6,281,701	6,603,736	6,430,613
Operation of Non-Instructional Services	631,645	42,496	605,457	8,737
Extracurricular Activities	650,618	473,704	676,289	442,628
<i>Debt Service:</i>				
Interest and Fiscal Charges	1,228,878	1,228,878	1,528,971	1,528,971
Issuance Costs	<u>0</u>	<u>0</u>	<u>198,579</u>	<u>198,579</u>
Total Expenses	<u>\$18,755,972</u>	<u>\$14,810,065</u>	<u>\$17,899,369</u>	<u>\$14,872,537</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 \$20,751,357, and expenditures and other financing uses of \$20,125,508.

Total governmental funds fund balance increased by \$625,849. The increase in fund balance for the year was most significant in the General Fund, an increase of \$756,150, reflecting in an increase in revenues that exceeded the increase in expenditures.



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*

---

**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 2014, 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.

For the General Fund, the final budget basis revenue was \$16,112,982 representing a \$416,007 increase from the original budget estimates of \$15,696,975. The actual budget basis revenues were \$16,569,336 representing a \$456,354 positive variance over the final budgeted amount. For the General Fund, the final budget basis expenditures were \$16,075,714 representing an increase of \$121,002 from the original budget estimates of \$15,954,712. The actual budget basis expenditures were \$16,068,628 representing a \$7,086 positive variance over the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2014, the District had \$36.2 million invested in land, construction in progress, land improvements/infrastructure, buildings and improvements, furniture, fixtures, and equipment, vehicles and infrastructure, of which all was in governmental activities. That total carries an accumulated depreciation of \$6.4 million. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*

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

	<u>Governmental Activities</u>	
	2014	(restated) 2013
<i>Nondepreciable Capital Assets:</i>		
Land	\$806,734	\$806,734
Construction in Progress	0	15,022,550
<i>Depreciable Capital Assets:</i>		
Land Improvements/Infrastructure	5,584,013	3,196,188
Buildings and Improvements	20,213,941	7,537,778
Furniture, Fixtures and Equipment	7,892,981	7,656,459
Vehicles	1,708,510	1,561,941
Total Capital Assets	<u>36,206,179</u>	<u>35,781,650</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements/Infrastructure	(490,289)	(350,460)
Buildings and Improvements	(2,054,494)	(1,749,937)
Furniture, Fixtures and Equipment	(2,892,232)	(2,626,329)
Vehicles	(917,835)	(1,052,535)
Total Accumulated Depreciation	<u>(6,354,850)</u>	<u>(5,779,261)</u>
Capital Assets, Net	<u><u>\$29,851,329</u></u>	<u><u>\$30,002,389</u></u>

More detailed information pertaining to the District's capital asset activity can be found in the Note 10 to the notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
(Unaudited)*

---

**Debt Administration**

At June 30, 2014, the District had \$23.5 million in general obligation debt outstanding with \$915,000 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2014 compared to fiscal year 2013.

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

<u>Purpose</u>	<u>2014</u>	<u>2013</u>
2010 School Improvements Bonds	\$12,290,000	\$13,130,000
2012 Energy Conservation Bonds	490,000	515,229
2013 General Obligation Refunding Bonds	<u>10,741,943</u>	<u>10,761,732</u>
Total	<u>\$23,521,943</u>	<u>\$24,406,961</u>

Detailed information pertaining to the District's long-term debt activity can be found in Note 15 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. The new funding formula contained within the State biennial budget is estimated to provide an increase of 6.25% in Fiscal Year 2014 and 10.5% increase in Fiscal Year 2015 of State funds for Bloom-Carroll. This helps the District's financial outlook, however, as indicated in the preceding financial information; the District is heavily dependent on local taxes due to the property valuation per pupil wealth index. Nearly one-quarter 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.

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 an average of 2.62% per year since the 2009-10 school year. Residential/agricultural property contributes 90% of the District's real estate valuation.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2014*

*(Unaudited)*

---

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 construction of a new grades 5-8 middle school building. The construction began in March, 2011 and the new building opened on January 14, 2013. The District is participating in the Expedited Local Partnership Program (ELPP) through the Ohio

Schools Facilities Commission. The District is scheduled to receive an 18% match on the qualifying expenditures from the Middle School Construction. Phase two of the construction project, along with a Permanent Improvement levy, are currently being discussed.

**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 Position*

*June 30, 2014*

---

	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$2,669,533
Cash and Cash Equivalents with Fiscal Agent	1,956,601
Property Taxes Receivable	8,185,312
Accounts Receivable	9,739
Intergovernmental Receivable	49,575
Accrued Interest Receivable	1,897
Prepaid Items	11,162
Income Taxes Receivable	1,545,595
Materials and Supplies Inventory	5,379
Nondepreciable Capital Assets	806,734
Depreciable Capital Assets, Net	29,044,595
	<hr/>
<i>Total Assets</i>	44,286,122
	<hr/>
<b><u>Deferred Outflows of Resources:</u></b>	
Deferred Charge on Refunding	88,341
	<hr/>
<b><u>Liabilities:</u></b>	
Accounts Payable	70,765
Accrued Wages and Benefits	1,503,059
Intergovernmental Payable	369,797
Accrued Interest Payable	72,153
Matured Compensated Absences Payable	170,598
Claims Payable	60,421
<b><u>Long-Term Liabilities:</u></b>	
Due within One Year	1,146,145
Due in More Than One Year	23,400,776
	<hr/>
<i>Total Liabilities</i>	26,793,714
	<hr/>
<b><u>Deferred Inflows of Resources:</u></b>	
Property Taxes	7,123,635
	<hr/>
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	5,952,656
<b><u>Restricted for:</u></b>	
Debt Service	451,038
Capital Outlay	43,179
Expendable	11,113
Nonexpendable	10,000
Other Purposes	12,475
Unrestricted	3,976,653
	<hr/>
<i>Total Net Position</i>	\$10,457,114
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2014

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
<b><u>Governmental Activities:</u></b>				
<i>Instruction:</i>				
Regular	\$7,006,323	\$1,419,870	\$32,167	\$542,926
Special	1,831,818	0	968,529	0
Vocational	157,714	0	26,632	0
Student Intervention Services	116,365	0	0	0
Other	661,190	0	0	0
<i>Support Services:</i>				
Pupils	777,281	0	129,561	0
Instructional Staff	583,690	0	20,200	0
Board of Education	202,705	0	0	0
Administration	1,855,563	0	0	0
Fiscal	322,211	0	0	0
Operation and Maintenance of Plant	1,529,638	0	0	0
Pupil Transportation	1,016,820	0	39,959	0
Central	183,513	0	0	0
<i>Operation of Non-Instructional Services:</i>				
Food Services	630,145	384,767	204,382	0
Community Services	1,500	0	0	0
Extracurricular Activities	650,618	132,019	44,895	0
<i>Debt Service:</i>				
Interest and Fiscal Charges	1,228,878	0	0	0
<b>Total Governmental Activities</b>	<b>\$18,755,972</b>	<b>\$1,936,656</b>	<b>\$1,466,325</b>	<b>\$542,926</b>
				<b>(\$14,810,065)</b>
<b><u>General Revenues:</u></b>				
<i>Property Taxes Levied for:</i>				
General Purposes				6,652,939
Debt Service				1,493,887
<i>Income Taxes Levied for:</i>				
General Purposes				4,106,775
Grants and Entitlements not Restricted to Specific Programs				4,256,659
Investment Earnings				19,720
Miscellaneous				172,797
<b>Total General Revenues</b>				<b>16,702,777</b>
Change in Net Position Before Special Item				1,892,712
<b><u>Special Item:</u></b>				
Insurance Recoveries				4,408
Change in Net Position				1,897,120
<i>Net Position at Beginning of Year, As Restated</i>				8,559,994
<i>Net Position at End of Year</i>				\$10,457,114

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Balance Sheet  
Governmental Funds  
June 30, 2014*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,157,900	\$341,323	\$137,365	\$2,636,588
Property Taxes Receivable	6,726,917	1,458,395	0	8,185,312
Income Taxes Receivable	1,545,595	0	0	1,545,595
Accounts Receivable	9,739	0	0	9,739
Intergovernmental Receivable	8,513	0	41,062	49,575
Accrued Interest Receivable	1,897	0	0	1,897
Prepaid Items	11,162	0	0	11,162
Materials and Supplies Inventory	0	0	5,379	5,379
<i>Total Assets</i>	<u>\$10,461,723</u>	<u>\$1,799,718</u>	<u>\$183,806</u>	<u>\$12,445,247</u>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$68,528	\$0	\$2,237	\$70,765
Accrued Wages and Benefits	1,384,638	0	118,421	1,503,059
Intergovernmental Payable	356,058	0	13,739	369,797
Matured Compensated Absences Payable	170,598	0	0	170,598
<i>Total Liabilities</i>	<u>1,979,822</u>	<u>0</u>	<u>134,397</u>	<u>2,114,219</u>
<b><u>Deferred Inflows of Resources:</u></b>				
Property Taxes	5,857,319	1,266,316	0	7,123,635
Unavailable Revenue	476,917	103,395	0	580,312
<i>Total Deferred Inflows of Resources</i>	<u>6,334,236</u>	<u>1,369,711</u>	<u>0</u>	<u>7,703,947</u>
<b><u>Fund Balances:</u></b>				
Nonspendable	11,162	0	15,379	26,541
Restricted	0	430,007	94,780	524,787
Assigned	89,963	0	5,090	95,053
Unassigned	2,046,540	0	(65,840)	1,980,700
<i>Total Fund Balances</i>	<u>2,147,665</u>	<u>430,007</u>	<u>49,409</u>	<u>2,627,081</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$10,461,723</u>	<u>\$1,799,718</u>	<u>\$183,806</u>	<u>\$12,445,247</u>

See accompanying notes to the basic financial statements.

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

<b>Total Governmental Funds Balances</b>	\$2,627,081
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,851,329
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	580,312
Unamortized deferred charges from the issuance of refunding bonds represent deferred charges which do not provide current financial resources and are therefore not reported in the funds.	88,341
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	(23,485,000)
Capital Appreciation bonds	(26,732)
Accretion on capital appreciation bonds	(10,211)
Premium on bonds	(475,282)
Accrued interest	(72,153)
Compensated absences	<u>(549,696)</u>
Total liabilities that are not reported in the funds	(24,619,074)
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 position.	<u>1,929,125</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$10,457,114</u></u>

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, 2014*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$6,680,909	\$1,510,901	\$0	\$8,191,810
Income Taxes	4,106,775	0	0	4,106,775
Intergovernmental	4,466,843	490,440	1,263,732	6,221,015
Interest	19,628	0	92	19,720
Tuition and Fees	1,419,870	0	0	1,419,870
Extracurricular Activities	36,191	0	95,828	132,019
Charges for Services	1,947	0	392,997	394,944
Gifts and Donations	28,317	0	16,578	44,895
Miscellaneous	148,924	3,959	9,737	162,620
<i>Total Revenues</i>	<u>16,909,404</u>	<u>2,005,300</u>	<u>1,778,964</u>	<u>20,693,668</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	6,245,745	0	26,291	6,272,036
Special	1,612,726	0	281,202	1,893,928
Vocational	165,563	0	0	165,563
Student Intervention Services	121,351	0	0	121,351
Other	661,190	0	0	661,190
<i>Support Services:</i>				
Pupils	689,433	0	113,844	803,277
Instructional Staff	605,250	0	21,233	626,483
Board of Education	202,974	0	0	202,974
Administration	1,823,392	30,535	0	1,853,927
Fiscal	333,015	0	0	333,015
Operation and Maintenance of Plant	1,626,659	0	31,518	1,658,177
Pupil Transportation	1,304,161	0	0	1,304,161
Central	187,471	0	0	187,471
<i>Operation of Non-Instructional Services:</i>				
Food Service Operations	0	0	651,791	651,791
Community Services	0	0	1,500	1,500
Extracurricular Activities	534,906	0	133,437	668,343
Capital Outlay	0	0	541,994	541,994
<i>Debt Service:</i>				
Principal Retirement	0	895,229	0	895,229
Interest and Fiscal Charges	0	1,239,272	0	1,239,272
<i>Total Expenditures</i>	<u>16,113,836</u>	<u>2,165,036</u>	<u>1,802,810</u>	<u>20,081,682</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>795,568</u>	<u>(159,736)</u>	<u>(23,846)</u>	<u>611,986</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from the Sale of Capital Assets	0	0	9,455	9,455
Insurance Recoveries	4,408	0	0	4,408
Transfers In	0	43,826	0	43,826
Transfers Out	(43,826)	0	0	(43,826)
<i>Total Other Financing Sources (Uses)</i>	<u>(39,418)</u>	<u>43,826</u>	<u>9,455</u>	<u>13,863</u>
<i>Net Change in Fund Balances</i>	756,150	(115,910)	(14,391)	625,849
<i>Fund Balances at Beginning of Year</i>	<u>1,391,515</u>	<u>545,917</u>	<u>63,800</u>	<u>2,001,232</u>
<i>Fund Balances at End of Year</i>	<u>\$2,147,665</u>	<u>\$430,007</u>	<u>\$49,409</u>	<u>\$2,627,081</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, 2014*

**Net Change in Fund Balances - Total Governmental Funds** \$625,849

*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 depreciation exceeded capital outlay in the current period. (138,948)

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. (12,112)

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 (44,984)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position 895,229

In the statement of activities, interest is accrued on outstanding bonds, bond accretion, bond premium, and loss on refunding amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when due and premiums and loss on refunding are reported when the bonds are issued:

Accrued interest	4,020
Amortization of premium on bonds	20,266
Accretion on capital appreciation bonds	(10,211)
Amortization of refunding bonds deferred charges	(3,681)
	10,394

Total 10,394

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 29,273

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. 532,419

*Change in Net Position of Governmental Activities* \$1,897,120

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, 2014*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues:</u></b>				
Property Taxes	\$6,187,048	\$6,496,007	\$6,496,006	(\$1)
Income Taxes	3,876,247	3,983,295	3,984,328	1,033
Intergovernmental	4,359,874	4,359,874	4,504,341	144,467
Interest	31,000	31,000	24,054	(6,946)
Tuition and Fees	1,162,106	1,162,106	1,419,340	257,234
Rentals	1,000	1,000	1,947	947
Miscellaneous	79,700	79,700	139,320	59,620
<i>Total Revenues</i>	<u>15,696,975</u>	<u>16,112,982</u>	<u>16,569,336</u>	<u>456,354</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	6,302,078	6,302,585	6,157,555	145,030
Special	1,501,282	1,513,997	1,580,938	(66,941)
Vocational	166,035	168,394	167,220	1,174
Student Intervention Services	130,332	130,332	121,351	8,981
Other	602,245	622,245	670,801	(48,556)
<i>Support Services:</i>				
Pupils	678,306	678,306	699,055	(20,749)
Instructional Staff	655,716	628,715	634,795	(6,080)
Board of Education	248,346	248,346	197,968	50,378
Administration	1,834,058	1,806,258	1,821,731	(15,473)
Fiscal	296,879	329,679	338,464	(8,785)
Operation and Maintenance of Plant	1,530,803	1,577,404	1,633,529	(56,125)
Pupil Transportation	1,350,927	1,391,749	1,385,924	5,825
Central	168,006	188,005	191,944	(3,939)
Extracurricular Activities	489,699	489,699	467,353	22,346
<i>Total Expenditures</i>	<u>15,954,712</u>	<u>16,075,714</u>	<u>16,068,628</u>	<u>7,086</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(257,737)</u>	<u>37,268</u>	<u>500,708</u>	<u>463,440</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Insurance Recoveries	0	0	4,408	4,408
Transfers Out	(43,826)	(43,826)	(43,826)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(43,826)</u>	<u>(43,826)</u>	<u>(39,418)</u>	<u>4,408</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(301,563)</u>	<u>(6,558)</u>	<u>461,290</u>	<u>467,848</u>
<i>Fund Balance at Beginning of Year</i>	1,503,325	1,503,325	1,503,325	0
<i>Prior Year Encumbrances Appropriated</i>	<u>103,322</u>	<u>103,322</u>	<u>103,322</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,305,084</u>	<u>\$1,600,089</u>	<u>\$2,067,937</u>	<u>\$467,848</u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Net Position*

*Proprietary Fund*

*June 30, 2014*

---

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Assets:</u></b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$32,945
Cash and Cash Equivalents with Fiscal Agents	<u>1,956,601</u>
<i>Total Current Assets</i>	<u>1,989,546</u>
<b><u>Liabilities:</u></b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>60,421</u>
<b><u>Net Position:</u></b>	
Unrestricted	<u><u>\$1,929,125</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Revenues,  
Expenses and Change in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2014*

---

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Operating Revenues:</u></b>	
Charges for Services	<u>\$2,107,609</u>
<b><u>Operating Expenses:</u></b>	
Purchased Services	117,804
Claims	<u>1,457,386</u>
<i>Total Operating Expenses</i>	<u>1,575,190</u>
<i>Change in Net Position</i>	532,419
<i>Net Position at Beginning of Year</i>	<u>1,396,706</u>
<i>Net Position at End of Year</i>	<u><u>\$1,929,125</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, 2014*

---

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<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	\$2,107,609
Cash Payments for Goods and Services	(117,804)
Cash Payments for Claims	<u>(1,684,785)</u>
<i>Net Cash from Operating Activities</i>	<u>305,020</u>
<i>Net Increase in Cash and Cash Equivalents</i>	305,020
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>1,684,526</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$1,989,546</u></u>
<b><u>Reconciliation of Operating Income</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
Operating Income	\$532,419
<b><u>Adjustments to Reconcile Operating Income</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
<i>Decrease in Liabilities:</i>	
Claims Payable	<u>(227,399)</u>
Total Adjustments	<u>(227,399)</u>
<i>Net Cash from Operating Activities</i>	<u><u>\$305,020</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*For the Fiscal Year Ended June 30, 2014*

---

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$1,265</u>	<u>\$55,666</u>
<b><u>Liabilities:</u></b>		
Due to Students	0	55,535
Undistributed Monies	<u>0</u>	<u>131</u>
<i>Total Liabilities</i>	<u>0</u>	<u><u>\$55,666</u></u>
<b><u>Net Position:</u></b>		
<i>Held in Trust for:</i>		
Other Individuals and Organizations	<u><u>\$1,265</u></u>	

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Change in Fiduciary Net Position*

*Fiduciary Fund*

*For the Fiscal Year Ended June 30, 2014*

---

	<u>Private Purpose Trust</u>
<b><u>Additions:</u></b>	
Gifts and Donations	\$1,699
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreements	<u>1,690</u>
<i>Change in Net Position</i>	9
<i>Net Position at Beginning of Year</i>	<u>1,256</u>
<i>Net Position at End of Year</i>	<u><u>\$1,265</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, 2014*

---

**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 and Lithopolis, Ohio. It is staffed by 112 certificated employees, 209 (including administrative) full-time and part-time employees who provide services to 1888 students in grades K through 12 and various community groups, which ranks it 136 out of approximately 881 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 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, 2014*

---

**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 position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the 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 position 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, 2014*

---

**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.

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 position, 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 position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. 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 position. The statement of activities presents increases (revenues) and decreases (expenses) in total net position.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and 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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

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

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 position. The statement of revenues, expenses, and changes in fund net position 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 inflows of resources, 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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

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

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

**Expenses/Expenditures**

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

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

**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 2014, 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, 2014.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$19,628, which includes \$11,083 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, 2014*

---

**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, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Restricted Assets**

Net position 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 17 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 position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and 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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

**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 position.

**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 judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year.

**M. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets, 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 position is 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 position is available.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

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

**N. Fund Balance Reserves**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

**Unassigned** – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

**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.



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The District did not have any extraordinary items during fiscal year 2014.

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 had \$4,408 in special items during fiscal year 2014.

**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.

**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 2014.

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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

---

**NOTE 3 - RESTATEMENT OF NET POSITION**

During fiscal year 2013, it was determined that adjustments were required to the District's capital assets to properly state food service assets. These adjustments had the following effect on net position as previously stated.

	<u>Governmental Activities</u>
Net Position, June 30, 2013	\$8,526,861
Adjustments to Capital Assets	<u>33,133</u>
Adjusted Net Position, June 30, 2013	<u><u>\$8,559,994</u></u>

**NOTE 4 - ACCOUNTABILITY**

The following funds had deficit fund balances as of June 30, 2014:

*Nonmajor Special Revenue Funds:*

Food Service	\$59,772
Title I	466
Title II-A	223

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.

**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.
4. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**– (Continued)

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	\$461,290
<i>Adjustments:</i>	
Revenue Accruals	274,671
Expenditure Accruals	(43,684)
Encumbrances	63,076
<i>Prospective Difference:</i>	
Activity of Funds Reclassified For	
GAAP Reporting Purposes	<u>797</u>
GAAP Basis	<u><u>\$756,150</u></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.

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;

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

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

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.

At June 30, 2014, the carrying amount of all the District deposits was \$3,007,736 which includes \$1,956,601 of cash with fiscal agent. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2014, \$1,732,462 of the District's bank balance of \$2,726,462 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name, while \$994,000 was covered by Federal Deposit Insurance in the manner described above.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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

**Investments:** The District had the following investments at June 30, 2014:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>	<u>Maturity Three Years to Five Years</u>
STAROhio	\$1,466,329	\$1,466,329	\$0
Federal Home Loan Bank Notes	209,000	0	209,000
Total Investments	<u>\$1,675,329</u>	<u>\$1,466,329</u>	<u>\$209,000</u>

**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 its 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 'AAA' 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 39% in government securities and 61% 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, 2014*

**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	\$4,683,065	\$0
<i>Investments:</i>		
STAR Ohio	(1,466,329)	1,466,329
Government Securities	(209,000)	209,000
GASB Statement No. 3	<u>\$3,007,736</u>	<u>\$1,675,329</u>

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 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 2014 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 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.

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, 2014 are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the June 2014 delinquent taxes outstanding and real property, and public utility taxes which become measurable as of June 30, 2014. 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 inflows of resources for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2014 was \$481,365 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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

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

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

	2013 Second - Half Collections		2014 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$276,106,790	89.39%	\$292,100,600	90.14%
Public Utility Personal	32,784,360	10.61%	31,962,040	9.86%
Total Assessed Value	<u>\$308,891,150</u>	<u>100.00%</u>	<u>\$324,062,640</u>	<u>100.00%</u>
Total rate per \$1,000 of assessed valuation		\$52.22		\$52.22

**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 \$4,106,775 was credited to the General Fund during fiscal year 2014.

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2014 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:

<u>Governmental Activities:</u>	
General Fund	\$8,513
<i>Nonmajor Special Revenue Funds:</i>	
IDEA-B	25,530
Title I	12,594
Title II-A	2,938
Total	<u>\$49,575</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT***Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2014***NOTE 10 - CAPITAL ASSETS**

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

	Restated Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<i>Nondepreciable Capital Assets:</i>				
Land	\$806,734	\$0	\$0	\$806,734
Construction in Progress	15,022,550	0	(15,022,550)	0
Total Nondepreciable Capital Assets	15,829,284	0	(15,022,550)	806,734
<i>Depreciable Capital Assets:</i>				
Land Improvements/Infrastructure	3,196,188	2,387,825	0	5,584,013
Buildings and Improvements	7,537,778	12,676,163	0	20,213,941
Furniture, Fixtures and Equipment	7,656,459	237,089	(567)	7,892,981
Vehicles	1,561,941	366,102	(219,533)	1,708,510
Total Depreciable Capital Assets	19,952,366	15,667,179	(220,100)	35,399,445
Total Capital Assets	35,781,650	15,667,179	(15,242,650)	36,206,179
<i>Accumulated Depreciation:</i>				
Land Improvements/Infrastructure	(350,460)	(139,829)	0	(490,289)
Buildings and Improvements	(1,749,937)	(304,557)	0	(2,054,494)
Furniture, Fixtures and Equipment	(2,626,329)	(266,413)	510	(2,892,232)
Vehicles	(1,052,535)	(72,778)	207,478	(917,835)
Total Accumulated Depreciation	(5,779,261)	(783,577)	207,988	(6,354,850)
Total Net Capital Assets	\$30,002,389	\$14,883,602	(\$15,034,662)	\$29,851,329



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

---

**NOTE 10 - CAPITAL ASSETS** - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$605,666
Special	1,736
Vocational	534
<i>Support Services:</i>	
Pupils	5,509
Instructional Staff	9,313
Board of Education	82
Administration	3,279
Fiscal	144
Operation and Maintenance of Plant	64,896
Pupil Transportation	75,404
Operation of Non-Instructional Services	5,128
Extracurricular Activities	11,886
	<hr/>
Total Depreciation Expense	<u><u>\$783,577</u></u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

**NOTE 11 - 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 2014, the District contracted with Ohio Casualty for professional and general liability insurance, fleet insurance, and property insurance. Coverage's provided are as follows:

Building and Contents (\$2,500 deductible)	\$49,554,961
Inland Marine Coverage (\$250 deductible)	50,000
<i>Automobile Liability:</i> (\$1,000 deductible for collision and \$1,000 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
Umbrella Liability	2,000,000
<i>Public Officials Bonds:</i>	
Treasurer	100,000
Superintendent	74,000
Board President	74,000
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, except for buildings and contents which was increased due to the renovations and new construction.

For fiscal year 2014, the District participated in the Hunter Consulting (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). SCOIC contracted with Jefferson Health Plan, formerly known as Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), for all claims servicing until June 1, 2013. Jefferson Health Plan contracted with Employee Benefits Management Corporation to service the claims of SCOIC members.

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

**NOTE 11 - RISK MANAGEMENT** - (Continued)

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, 2014, was \$1,956,601. 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, 2014, and cash with fiscal agent for the balance of funds held by the Consortium that covers medical, dental and pharmacy claims will be reported.

The claims liability of \$60,421 supported at June 30, 2014 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>
2013	\$208,514	\$1,710,710	\$1,631,404	\$287,820
2014	287,820	1,457,386	1,684,785	60,421

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.1 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$363,453, \$382,929, and \$344,433, respectively; which equaled the required contributions each year.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014*

---

**NOTE 12 - DEFINED BENEFIT PENSION PLANS** - (Continued)

**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 is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**Plan Options** - New members have a choice of three retirement plans options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money amount various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

**NOTE 12 - DEFINED BENEFIT PENSION PLANS** - (Continued)

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for re-employment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the re-employed member and employer during the re-employment. Upon termination of re-employment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A re-employed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to healthcare coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by 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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 10% of covered payroll for members and 14% for employers. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$934,783, \$1,008,146 and \$951,863, respectively; 84.79 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2014 Comprehensive Annual Financial Report are available.

Additional information or copies of STRS Ohio's 2014 Comprehensive Annual Financial Report can be requested by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7787, or by visiting the STRS Ohio Web site 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, 2014*

---

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**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, 2014, no members of the Board of Education have elected Social Security.

**School Employees Retirement System**

**Postemployment Benefits** – In addition to a cost-sharing multiple employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

**Medicare Part B Plan** - The Medicare Part 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 monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50 if they participated in one of the SERS' health care plans.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For 2014, this actuarially required allocation is 0.76. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$2,930, \$2,834 and \$2,848, respectively; which equaled the required contributions each year.

**Health Care Plan** – ORC 3309.375 and 3309.69 permit SERS 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 HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is 0.14 percent. An addition 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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$42,923, \$47,165 and \$64,806, respectively.

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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

**NOTE 13 - POSTEMPLOYMENT BENEFITS** - (Continued)

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**State Teachers Retirement System**

**Plan Description** – State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of: a Defined Benefits Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefits Plan and the Defined Contribution Plan.

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 Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$71,906, \$71,800 and \$73,220 respectively; 84.79 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

**NOTE 14 - 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 220 for all classified employees and 240 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, 60 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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

**NOTE 15 - LONG-TERM LIABILITIES**

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

	Issue Date	Interest Rate	Principal Balance at July 1, 2013	Additions	Deletions	Principal Balance at June 30, 2014	Amount Due In One Year
<i>Governmental Activities:</i>							
School Improvement Bonds	2010	5.80%	\$13,130,000	\$0	\$840,000	\$12,290,000	\$865,000
Energy Conservation Bonds	2012	3.70%	515,229	0	25,229	490,000	25,000
General Obligation Refunding Bonds:							
Serial Bonds	2013	2-4%	3,505,000	0	30,000	3,475,000	25,000
Term Bonds	2013	3.5-4%	6,145,000	0	0	6,145,000	0
Capital Appreciation Bonds	2013	37.00%	26,732	0	0	26,732	0
Accretion on Capital Appreciation Bonds	2013	37.00%	0	10,211	0	10,211	0
Taxable Serial Bonds	2013	3.5-3.65%	1,085,000	0	0	1,085,000	0
Add Deferred Amounts:							
Premium on Bond			495,548	0	20,266	475,282	20,264
Compensated Absences			578,969	298,512	327,785	549,696	210,881
Total Governmental Activities Long-Term Liabilities			<u>\$25,481,478</u>	<u>\$308,723</u>	<u>\$1,243,280</u>	<u>\$24,546,921</u>	<u>\$1,146,145</u>

*General Obligation 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.

*Energy Conservation Bonds* – In June 2012, general obligation bonds at 3.70% interest were issued in the amount of \$515,229. The bonds are to be used for energy conservation measures including installations, modifications or remodeling to reduce energy consumption in buildings owned by the District. The bonds were issued for fifteen year period with final maturity at December 2027.

*General Obligation Refunding Bonds* – In June 2013, general obligation refunding bonds were issued in the amount of \$10,761,731 for the purpose of refunding a portion of the 2010 School Improvement Bonds. \$3,505,000 was issued as serial bonds with interest rates ranging from 2.00% to 4.00%. \$6,145,000 was issued as term bonds with interest rates ranging from 3.50% to 4.00%. \$1,085,000 was issued as taxable serial bonds with interest rates ranging from 3.50% to 3.65%. Finally, \$26,732 was issued as capital appreciation bonds with an interest rate of 37.00%. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of \$568,518 and a reduction of \$859,540 in future debt service payments. The bonds were issued for a twenty-five year period, with final maturity December 1, 2037. The bonds will be retired through the Bond Retirement Debt Service Fund.

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.



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

**NOTE 15 - LONG-TERM LIABILITIES** - (Continued)

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 \$5,643,695 with an unvoted debt margin of \$324,063 at June 30, 2014. 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.

The term bonds maturing on December 1, 2028, December 1, 2034, and December 1, 2037 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1, in the fiscal years and respective principal amounts as follows:

Term Bond 2028		Term Bond Due 2034		Term Bond Due 2037	
Fiscal Year	Amount	Fiscal Year	Amount	Fiscal Year	Amount
2028	\$310,000	2028	\$0	2028	\$0
2029	790,000	2029	0	2029	0
2030	0	2030	0	2030	0
2031	0	2031	0	2031	0
2032	0	2032	0	2032	0
2033	0	2033	0	2033	0
2034	0	2034	935,000	2034	0
2035	0	2035	970,000	2035	0
2036	0	2036	0	2036	1,005,000
2037	0	2037	0	2037	1,045,000
2038	0	2038	0	2038	1,090,000

The term bonds are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after December 1, 2019, as follows:

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2019 through November 30, 2020	101%
December 1, 2020 and thereafter	100%

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

**NOTE 15 - LONG-TERM LIABILITIES** - (Continued)

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2014 are as follows:

Year Ending June 30	General Obligation Refunding Bonds							
	Serial Bonds		Term Bonds		Capital Appreciation Bonds		Taxable Serial Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$25,000	\$116,750	\$0	\$240,300	\$0	\$0	\$0	\$38,500
2016	25,000	116,250	0	240,300	0	0	0	38,500
2017	0	116,000	0	240,300	25,000	0	0	38,500
2018	0	116,000	0	240,300	25,000	0	0	38,500
2019	0	116,000	0	240,300	25,000	0	0	38,500
2020-2024	0	580,000	0	1,201,500	125,000	0	0	192,500
2025-2029	0	580,000	1,100,000	1,171,400	150,000	0	1,085,000	109,025
2030-2034	3,425,000	249,860	935,000	990,300	0	0	0	0
2035-2038	0	0	4,110,000	336,800	0	0	0	0
Total	<u>\$3,475,000</u>	<u>\$1,990,860</u>	<u>\$6,145,000</u>	<u>\$4,901,500</u>	<u>\$350,000</u>	<u>\$0</u>	<u>\$1,085,000</u>	<u>\$494,025</u>

Year Ending June 30	School Improvement Bonds		Energy Conservation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$865,000	\$1,574,850	\$25,000	\$17,668	\$915,000	\$1,988,068
2016	890,000	1,574,850	30,000	16,650	945,000	1,986,550
2017	920,000	1,574,850	30,000	15,540	950,000	1,985,190
2018	945,000	870,000	30,000	14,430	1,000,000	1,279,230
2019	975,000	870,000	30,000	13,320	1,030,000	1,278,120
2020-2024	5,330,000	4,350,000	180,000	47,545	5,635,000	6,371,545
2025-2029	2,365,000	1,305,000	165,000	12,555	4,100,000	3,177,980
2030-2034	0	0	0	0	4,215,000	1,240,160
2035-2038	0	0	0	0	5,045,000	336,800
Total	<u>\$12,290,000</u>	<u>\$12,119,550</u>	<u>\$490,000</u>	<u>\$137,708</u>	<u>\$23,835,000</u>	<u>\$19,643,643</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

**NOTE 16 – FUND BALANCES**

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>				
Prepays	\$11,162	\$0	\$0	\$11,162
Materials and Supplies Inventory	0	0	5,379	5,379
Endowment	0	0	10,000	10,000
Total Nonspendable	11,162	0	15,379	26,541
<i>Restricted:</i>				
<i>Special Revenues:</i>				
Athletics	0	0	33,101	33,101
Local Grants	0	0	1,000	1,000
State Grants	0	0	11,382	11,382
Debt Service	0	430,007	95	430,102
Capital Projects	0	0	38,089	38,089
Endowment	0	0	11,113	11,113
Total Restricted	0	430,007	94,780	524,787
<i>Assigned:</i>				
<i>Encumbrances for:</i>				
Regular Instruction	4,927	0	0	4,927
Special Instruction	1,459	0	0	1,459
Vocational	700	0	0	700
Pupils	8,385	0	0	8,385
Instructional Staff	561	0	0	561
Board of Education	1,402	0	0	1,402
Administration	1,619	0	0	1,619
Fiscal	3,495	0	0	3,495
Operation & Maintenance	15,347	0	0	15,347
Pupil Transportation	25,181	0	0	25,181
Public School Support	26,887	0	0	26,887
Capital Projects	0	0	5,090	5,090
Total Assigned	89,963	0	5,090	95,053
<i>Unassigned</i>	2,046,540	0	(65,840)	1,980,700
Total Fund Balances	<u>\$2,147,665</u>	<u>\$430,007</u>	<u>\$49,409</u>	<u>\$2,627,081</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

**NOTE 17 - STATUTORY SET-ASIDES**

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2014:

	<u>Capital Improvements</u>
Set-Aside Balance as of July 1, 2013	\$0
Current Year Set-Aside Requirement	309,319
Qualifying Disbursements	<u>(321,348)</u>
Total	<u>(12,029)</u>
Set-Aside Reserve Balance as of June 30, 2014	<u><u>(\$12,029)</u></u>

Effective July 1, 2012, the textbook set-aside is no longer required and has been removed from the existing law. This balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

**NOTE 18 - ENCUMBRANCE COMMITMENTS**

At June 30, 2014, the District had encumbrance commitments in the governmental funds as follows:

<u>Major Funds</u>	
General	\$63,076
 <u>Nonmajor Funds</u>	
Building	5,864
Food Service	368
District Managed Activities	5,463
Vocational Education Equipment Grant	1,692
IDEA-B	<u>578</u>
Total Nonmajor Funds	<u>13,965</u>
 Total Encumbrances	 <u><u>\$77,041</u></u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2014*

---

**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 \$69,845 to MEC for services provided during fiscal year 2014. 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 Bloom-Carroll Local School District, Travis Bigam, who serves as Treasurer, at 69 South Beaver Street, Carroll, OH 43112.

**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, 2014*

**NOTE 21 - CONTINGENCIES**

**A. 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

**B. Litigation**

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

**NOTE 22 - CONTRACTUAL COMMITMENTS**

As of June 30, 2014, the District had contractual purchase commitments for various projects related to the Districts renovations and new construction. The amount for each project is as follows:

<u>Contractor</u>	<u>Trade</u>	<u>Contract Amounts</u>	<u>Amounts Paid as of June 30, 2014</u>	<u>Amounts Remaining on Contracts</u>
M. Campbell Contracting	MS Site- Site Prep	2,102,132	2,061,975	40,157
Stockmeister Enterprises, Inc.	New MS- General Trades	4,721,234	4,651,670	69,564
The Quandel Group	Construction Manager	1,497,000	1,492,290	4,710
Total		<u>\$8,320,366</u>	<u>\$8,205,935</u>	<u>\$114,431</u>

**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Grant Award Year	Federal CFDA 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	2014	10.555	\$ 34,534	\$ 34,534
Cash Assistance				
School Breakfast Program	2014	10.553	35,554	35,554
National School Lunch Program	2014	10.555	165,297	165,297
Total Nutrition Cluster			<u>235,385</u>	<u>235,385</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>235,385</u></b>	<b><u>235,385</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>				
<b><i>Passed Through Ohio Department of Education:</i></b>				
Title I Grants to Local Educational Agencies Program	2014	84.010	101,299	94,856
Special Education_Grants to States Program	2013	84.027	74,769	74,769
	2014		<u>250,802</u>	<u>234,109</u>
Total Special Education_Grants to States Program			325,571	308,878
Improving Teacher Quality State Grants Program	2014	84.367	<u>29,228</u>	<u>26,806</u>
<b>Total U.S. Department of Education</b>			<b><u>456,098</u></b>	<b><u>430,540</u></b>
<b>Totals</b>			<b><u>\$ 691,483</u></b>	<b><u>\$ 665,925</u></b>

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

**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Bloom 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 respective programs that benefitted from the use of those donated food commodities.

**NOTE D - BUREAU OF WORKER'S COMPENSATION REBATE**

Ohio's workers' compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers' Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. The BWC invested contributions over a three-year period which generated a greater than anticipated return. In May 2013, the Ohio BWC Board of Directors authorized a \$1 billion rebate for more than 210,000 public and private entities paying into Ohio's workers' compensation system. Each employer's rebate reflected 56% of what they were billed during the last policy period (2011 calendar year for public-taxing districts). Approximately \$113 million of the \$1 billion rebate went to local governments around the state. Using policy year 2011 as the base year for calculation, the District allocated its BWC rebate back to all funds, including Federal funds, providing the source of initial premium payments to BWC. The subsequent receipt and expenditure of the rebate attributable to Federal programs is reflected on the District's Schedule of Federal Awards Receipts and Expenditures.





# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 9, 2015.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

January 9, 2015



# Dave Yost • Auditor of State

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

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

To the Board of Education:

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

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

### ***Management's Responsibility***

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

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

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

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

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

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

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

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

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

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

January 9, 2015

**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<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>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster (CFDA 10.553 & 10.555) and Special Education_Grants to States Program (CFDA 84.027)
<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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	Capital assets - Material Weakness	Yes	Finding no longer valid.



# Dave Yost • 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  
FEBRUARY 3, 2015**