



**Mary Taylor, CPA**  
Auditor of State



**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Bloom Carroll Local School District  
Fairfield County  
5240 Plum Road NW  
P.O. Box 338  
Carroll, Ohio 43112-0338

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the 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, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The script is cursive and fluid.

**Mary Taylor, CPA**  
Auditor of State

January 29, 2010

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)*

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The discussion and analysis of the Bloom-Carroll Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

**Financial Highlights**

- ▶ The assets of the District exceeded its liabilities at June 30, 2008 by \$6,119,226. Of this amount, \$4,099,765 represents the total of amounts invested in capital assets and amounts restricted for specific purposes and a balance of \$2,019,461 in unrestricted assets.
- ▶ In total, net assets of governmental activities increased by \$1,171,529 which represents a 23.67 percent increase from 2007.
- ▶ General revenues accounted for \$12,780,074 or 85.27 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,208,092 or 14.73 percent of total revenues of \$14,988,166.
- ▶ The District had \$13,816,637 in expenses related to governmental activities; only \$2,208,092 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$12,780,074 were used to provide for the remainder of these programs.
- ▶ The District recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$13,975,311 in revenues and \$12,731,809 in expenditures in fiscal year 2008.

**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, 2008  
(Unaudited)*

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**Reporting the District as a Whole**

**Government-Wide Financial Statements**

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

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

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

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

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

**Fund Financial Statements**

The analysis of the District's major funds begins on page 17. Fund financial statements provide detailed information about the District's major fund. 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 fund. The District's only major governmental fund is the General Fund.

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, 2008  
(Unaudited)*

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**Governmental Funds**

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

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

**Proprietary Funds**

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

**Fiduciary Funds**

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)*

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**Government-Wide Financial Analysis**

Recall that the statement of net assets provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the District's net assets for 2008 compared to fiscal year 2007:

**Table 1  
Net Assets**

	<b><u>Governmental Activities</u></b>	
	2008	2007
<b><u>Assets:</u></b>		
Current and Other Assets	\$9,038,837	\$7,653,863
Capital Assets, Net	4,011,073	4,150,208
<i>Total Assets</i>	<u>13,049,910</u>	<u>11,804,071</u>
<b><u>Liabilities:</u></b>		
Long-Term Liabilities	673,998	780,498
Other Liabilities	6,256,686	6,075,876
<i>Total Liabilities</i>	<u>6,930,684</u>	<u>6,856,374</u>
<b><u>Net Assets:</u></b>		
Invested in Capital Assets	4,011,073	4,150,208
Restricted	88,692	120,783
Unrestricted	2,019,461	676,706
<i>Total Net Assets</i>	<u>\$6,119,226</u>	<u>\$4,947,697</u>

Current and other assets increased \$1,384,974 from fiscal year 2007 due to an increase in property taxes receivable and in cash and cash equivalents of the District. Capital assets decreased by \$139,135 as a result of the depreciation for the current year.

Current (other) liabilities increased by \$180,810 due primarily to an increase in deferred revenue.

Long-term liabilities decreased by \$106,500 as a result of a reduction in compensated absences payable.

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)*

The District has a balance of \$2,019,461 in unrestricted net assets.

The remaining balance of \$88,692 is restricted net assets. The restricted net assets are subject to external restrictions on how they may be used.

Table 2 shows the changes in net assets for fiscal year 2008 and provides a comparison to fiscal year 2007.

**Table 2  
Change in Net Assets**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
<b><u>Revenues:</u></b>		
<i>Program Revenue:</i>		
Charges for Services and Sales	\$1,095,382	\$988,209
Operating Grants and Contributions	1,101,968	1,116,328
Capital Grants and Contributions	10,742	0
<i>General Revenue:</i>		
Property Taxes	5,491,833	4,767,109
Income Taxes	3,492,070	3,354,309
Unrestricted Grants and Entitlements	3,645,959	3,456,021
Investment Earnings	103,889	65,425
Gain on Sale of Capital Assets	3,589	0
Miscellaneous	42,734	55,242
<i>Total Revenues</i>	<b>14,988,166</b>	<b>13,802,643</b>
<b><u>Expenses:</u></b>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	5,294,325	4,917,838
Special	1,505,093	1,233,965
Vocational	217,181	212,986
Other	651,240	621,691

(Continued)

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)*

**Table 2  
Changes in Net Assets**

	2008	2007
<i>Support Services:</i>		
Pupils	639,471	569,176
Instructional Staff	806,717	652,344
Board of Education	99,389	98,142
Administration	1,663,653	1,422,688
Fiscal	133,436	227,293
Operation and Maintenance of Plant	792,615	1,244,286
Pupil Transportation	945,719	788,683
Central	46,158	45,690
<i>Operation of Non-Instructional Services:</i>		
Food Services	409,743	360,979
Other	2,000	3,000
Extracurricular Activities	609,897	553,396
<i>Total Expenses</i>	<u>13,816,637</u>	<u>12,952,157</u>
<i>Change in Net Assets</i>	1,171,529	850,486
Net Assets – Beginning of Year	<u>4,947,697</u>	<u>4,097,211</u>
Net Assets – End of Year	<u><u>\$6,119,226</u></u>	<u><u>\$4,947,697</u></u>

The most significant program expenses for the District are Regular Instruction, Administration, Special Instruction, Pupil Transportation and Instructional Staff. These programs account for 73.94 percent of the total governmental activities. Regular Instruction, which accounts for 38.31 percent of the total, represents costs associated with providing general educational services. Administration, which represents 12.04 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Special Instruction, which represents 10.90 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Pupil Transportation, which represents 6.85 percent of the total, represents costs associated with providing transportation services for students between home and school and to school activities. Instructional Staff, which represents 5.84 percent of the total, represents costs associated with assisting the teaching staff with the content and process of educating students.

The majority of the funding for the most significant programs indicated above is from property taxes, income taxes, and grants and entitlements not restricted for specific programs. Property taxes, income taxes, and grants and entitlements not restricted for specific programs account for 84.27 percent of total revenues.

As noted previously, the net assets for the governmental activities increased \$1,171,529 or 23.67 percent. This is a change from last year when net assets increased \$850,486 or 20.76 percent. Total revenues increased \$1,185,523 or 8.59 percent from last year and expenses increased \$864,480 or 6.67 percent from last year.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)*

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The District had program revenue increases of \$103,555, as well as increases in general revenues of \$1,081,968. The increase in program revenue is mostly due to the School District receiving more grants during fiscal year 2008. There was one significant increase in general revenue. Property taxes increased \$724,724 or 15.20 percent.

The total expenses for governmental activities increased as a result of increases in instruction costs, administration and extracurricular activities. Administration increased \$240,965 due to an increase in costs associated with maintenance of the District's buildings. Instructional costs increased \$681,359 due to increases for salaries and fringe benefits.

**Governmental Activities**

Over the past few fiscal 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 36.64 percent, income taxes made up 23.30 percent, and intergovernmental revenue made up 31.75 percent of the total revenue for our governmental activities in fiscal year 2008.

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

The District voters approved an income tax levy of 0.75 percent in fiscal year 1997 and it is a continuing tax. The voters of the District approved an additional income tax levy of 0.50 percent in fiscal year 2006. These levies generated approximately \$3,490,000 in revenue for general operations for fiscal year 2008.

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 2008, the District received \$3,341,849 through the State's foundation program, which represents 22.29 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 55.50 percent of governmental activities program expenses. Support services expenses make up 37.11 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 2008 compared with fiscal year 2007. That is, it identifies the net cost of these services supported by tax revenue and unrestricted State entitlements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)*

**Table 3  
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2008	2008	2007	2007
<i>Program Expenses:</i>				
Instruction	\$7,667,839	\$6,510,409	\$6,986,480	\$5,871,924
Support Services	5,127,158	4,627,717	5,048,302	4,567,477
Operation of Non-Instructional Services	411,743	19,160	363,979	(4,815)
Extracurricular Activities	609,897	451,259	553,396	413,034
Total Expenses	<u>\$13,816,637</u>	<u>\$11,608,545</u>	<u>\$12,952,157</u>	<u>\$10,847,620</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 \$14,968,324 and expenditures of \$13,757,669.

Total governmental funds fund balance increased by \$1,210,655. The increase in fund balance for the year was most significant in the General Fund, an increase of \$1,246,039 reflecting revenues received from general operations exceeding expenditures made.

With the additional income tax passed by voters in November 2005, projections beyond fiscal year 2008 show the District should be able to meet inflationary cost increases without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

**Budget Highlights - General Fund**

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

During the course of fiscal year 2007, 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 supervisors 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.

The General Fund actual budget basis fund balance increased by \$1,187,410. The final budget basis fund balance also increased. This increase is the result of increased revenues and decreased expenditures.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2008*

*(Unaudited)*

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For the General Fund, the final budget basis revenue was \$13,882,662 representing a \$1,510,770 increase from the original budget estimates of \$12,371,892. The final budget reflected a 10.88 percent increase from the original budgeted amount. Most of this difference is due to an increase in property tax, income tax and tuition and fees revenue during the fiscal year. The actual budget basis revenues were \$13,999,329 representing a \$116,667 increase from the final budgeted amount. For the General Fund, the final budget basis expenditures were \$12,478,230 representing a \$393,869 increase from the original budget estimates. The actual budget basis expenditures were \$12,814,456 representing a \$57,643 decrease from the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2008, the District had \$10.7 million invested in land, land improvements/infrastructure, buildings and improvements, furniture, fixtures, and equipment, vehicles, and library books and textbooks, of which all was in governmental activities. That total carries an accumulated depreciation of \$6.7 million. Table 4 shows fiscal year 2008 balances compared to fiscal year 2007.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2008*

*(Unaudited)*

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

	<b>Governmental Activities</b>	
	<u>2008</u>	<u>2007</u>
<i>Nondepreciable Capital Assets:</i>		
Land	\$806,734	\$806,734
<i>Depreciable Capital Assets:</i>		
Land Improvements/Infrastructure	353,205	353,305
Buildings and Improvements	5,407,016	5,356,285
Furniture, Fixtures and Equipment	2,756,390	2,611,157
Vehicles	1,145,512	1,145,512
Library Books and Textbooks	243,567	243,567
<i>Total Capital Assets</i>	<u>10,712,424</u>	<u>10,516,460</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements/Infrastructure	(119,915)	(102,255)
Buildings and Improvements	(3,142,203)	(3,023,842)
Furniture, Fixtures and Equipment	(2,289,137)	(2,174,665)
Vehicles	(906,529)	(821,972)
Library Books and Textbooks	(243,567)	(243,518)
<i>Total Accumulated Depreciation</i>	<u>(6,701,351)</u>	<u>(6,366,252)</u>
Capital Assets, Net	<u>\$4,011,073</u>	<u>\$4,150,208</u>

More detailed information pertaining to the District's capital asset activity can be found in Note 11 to the basic financial statements.



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
(Unaudited)*

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**Debt Administration**

At June 30, 2008, the District had no debt outstanding.

Detailed information pertaining to the District's long-term debt activity can be found in Note 16 to the basic financial statements.

**Current Issues**

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

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

Residential growth has not eluded the District over the past few 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 14.32 percent since October, 2003. Residential/agricultural property contributes 95 percent of the District's real estate valuation.

**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.

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**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

Statement of Net Assets

June 30, 2008

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	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$2,003,638
Cash and Cash Equivalents with Fiscal Agent	105,543
Property Taxes Receivable	5,491,522
Income Taxes Receivable	1,336,202
Accounts Receivable	573
Intergovernmental Receivable	13,043
Accrued Interest Receivable	8,252
Prepaid Items	41,303
Materials and Supplies Inventory	4,581
<b><i>Restricted Assets:</i></b>	
Equity in Pooled Cash and Cash Equivalents	34,180
Nondepreciable Capital Assets	806,734
Depreciable Capital Assets, Net	3,204,339
<b><i>Total Assets</i></b>	<b>13,049,910</b>
<b><u>Liabilities:</u></b>	
Accounts Payable	35,786
Accrued Wages and Benefits	1,207,160
Intergovernmental Payable	351,211
Matured Compensated Absences Payable	47,972
Claims Payable	58,566
Deferred Revenue	4,555,991
<b><i>Long-Term Liabilities:</i></b>	
Due within One Year	100,025
Due in More Than One Year	573,973
<b><i>Total Liabilities</i></b>	<b>6,930,684</b>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets	4,011,073
<b><i>Restricted for:</i></b>	
<b><i>Permanent Fund Purpose:</i></b>	
Expendable	12,050
Nonexpendable	10,000
Set Asides	34,180
Capital Projects	182
Other Purposes	32,280
Unrestricted	2,019,461
<b><i>Total Net Assets</i></b>	<b>\$6,119,226</b>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2008*

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<u>Expenses</u>					
<b><u>Governmental Activities:</u></b>					
<i>Instruction:</i>					
Regular	\$5,294,325	\$672,834	\$27,037	\$0	(\$4,594,454)
Special	1,505,093	0	430,846	0	(1,074,247)
Vocational	217,181	0	26,713	0	(190,468)
Other	651,240	0	0	0	(651,240)
<i>Support Services:</i>					
Pupils	639,471	0	89,261	0	(550,210)
Instructional Staff	806,717	0	50,640	10,742	(745,335)
Board of Education	99,389	0	0	0	(99,389)
Administration	1,663,653	0	0	0	(1,663,653)
Fiscal	133,436	0	0	0	(133,436)
Operation and Maintenance of Plant	792,615	0	285	0	(792,330)
Pupil Transportation	945,719	0	348,513	0	(597,206)
Central	46,158	0	0	0	(46,158)
<i>Operation of Non-Instructional Services:</i>					
Food Services	409,743	300,194	92,289	0	(17,260)
Community Services	2,000	0	100	0	(1,900)
Extracurricular Activities	609,897	122,354	36,284	0	(451,259)
<b>Total Governmental Activities</b>	<b>\$13,816,637</b>	<b>\$1,095,382</b>	<b>\$1,101,968</b>	<b>\$10,742</b>	<b>(11,608,545)</b>
<b><u>General Revenues:</u></b>					
<i>Property Taxes Levied for:</i>					
General Purposes					5,491,833
<i>Income Taxes Levied for:</i>					
General Purposes					3,492,070
Grants and Entitlements not Restricted to Specific Programs					3,645,959
Gain on Sale of Capital Assets					3,589
Investment Earnings					103,889
Miscellaneous					42,734
<b>Total General Revenues</b>					<b>12,780,074</b>
Change in Net Assets					1,171,529
<i>Net Assets at Beginning of Year</i>					<u>4,947,697</u>
<i>Net Assets at End of Year</i>					<u><u>\$6,119,226</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Balance Sheet  
Governmental Funds  
June 30, 2008*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$1,754,967	\$117,467	\$1,872,434
Property Taxes Receivable	5,491,522	0	5,491,522
Income Taxes Receivable	1,336,202	0	1,336,202
Accounts Receivable	573	0	573
Intergovernmental Receivable	0	13,043	13,043
Accrued Interest Receivable	8,252	0	8,252
Prepaid Items	41,303	0	41,303
Materials and Supplies Inventory	0	4,581	4,581
<i>Restricted Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	34,180	0	34,180
<i>Total Assets</i>	<u>\$8,666,999</u>	<u>\$135,091</u>	<u>\$8,802,090</u>
<b><u>Liabilities and Fund Balances:</u></b>			
<b><u>Liabilities:</u></b>			
Accounts Payable	34,388	1,398	35,786
Accrued Wages and Benefits	1,136,649	70,511	1,207,160
Intergovernmental Payable	329,309	21,902	351,211
Deferred Revenue	4,872,513	0	4,872,513
Matured Compensated Absences Payable	47,972	0	47,972
<i>Total Liabilities</i>	<u>6,420,831</u>	<u>93,811</u>	<u>6,514,642</u>
<b><u>Fund Balances:</u></b>			
Reserved for Encumbrances	49,835	9,553	59,388
Reserved for Property Taxes	619,009	0	619,009
Reserved for Prepays	41,303	0	41,303
Reserved for Budget Stabilization	27,905	0	27,905
Reserved for Textbooks and Instructional Materials	6,275	0	6,275
Reserved for Endowment	0	10,000	10,000
<i>Unreserved, Undesignated, Reported in:</i>			
General Fund	1,501,841	0	1,501,841
Special Revenue Funds	0	9,495	9,495
Capital Projects Funds	0	182	182
Permanent Fund	0	12,050	12,050
<i>Total Fund Balances</i>	<u>2,246,168</u>	<u>41,280</u>	<u>2,287,448</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$8,666,999</u>	<u>\$135,091</u>	<u>\$8,802,090</u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**  
*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2008*

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<b>Total Governmental Funds Balances</b>	\$2,287,448
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,011,073
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	316,522
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:	
Compensated absences	(673,998)
An internal service fund is used by management to charge the costs of insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	<u>178,181</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$6,119,226</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, 2008*

	General	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>			
Property Taxes	\$5,470,615	\$0	\$5,470,615
Income Taxes	3,492,070	0	3,492,070
Intergovernmental	4,203,770	518,515	4,722,285
Interest	103,571	318	103,889
Tuition and Fees	672,834	0	672,834
Extracurricular Activities	0	122,354	122,354
Charges for Services	0	300,194	300,194
Rentals	4,566	0	4,566
Contributions and Donations	0	36,384	36,384
Miscellaneous	27,885	10,283	38,168
<i>Total Revenues</i>	<u>13,975,311</u>	<u>988,048</u>	<u>14,963,359</u>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	5,312,645	31,751	5,344,396
Special	1,253,810	256,670	1,510,480
Vocational	224,480	0	224,480
Other	667,500	0	667,500
<i>Support Services:</i>			
Pupils	555,910	87,835	643,745
Instructional Staff	721,682	63,041	784,723
Board of Education	99,366	0	99,366
Administration	1,642,085	0	1,642,085
Fiscal	145,312	0	145,312
Operation and Maintenance of Plant	785,307	1,860	787,167
Pupil Transportation	865,319	0	865,319
Central	46,158	0	46,158
<i>Operation of Non-Instructional Services:</i>			
Food Service Operations	0	412,570	412,570
Community Services	0	2,000	2,000
Extracurricular Activities	412,235	168,919	581,154
<i>Total Expenditures</i>	<u>12,731,809</u>	<u>1,024,646</u>	<u>13,756,455</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,243,502</u>	<u>(36,598)</u>	<u>1,206,904</u>
<b><u>Other Financing Sources (Uses):</u></b>			
Proceeds from the Sale of Capital Assets	500	0	500
Insurance Recoveries	3,251	0	3,251
Transfers In	0	1,214	1,214
Transfers Out	(1,214)	0	(1,214)
<i>Total Other Financing Sources (Uses)</i>	<u>2,537</u>	<u>1,214</u>	<u>3,751</u>
<i>Net Change in Fund Balances</i>	1,246,039	(35,384)	1,210,655
<i>Fund Balances at Beginning of Year</i>	<u>1,000,129</u>	<u>76,664</u>	<u>1,076,793</u>
<i>Fund Balances at End of Year</i>	<u>\$2,246,168</u>	<u>\$41,280</u>	<u>\$2,287,448</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, 2008*

**Net Change in Fund Balances - Total Governmental Funds** \$1,210,655

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (138,973)

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. (162)

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 21,218

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 106,500

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. (27,709)

*Change in Net Assets of Governmental Activities* \$1,171,529

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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Property Taxes	\$4,855,000	\$5,259,450	\$5,259,800	\$350
Income Taxes	3,227,379	3,734,494	3,734,494	0
Intergovernmental	3,632,931	4,160,612	4,203,770	43,158
Interest	65,000	80,000	96,269	16,269
Tuition and Fees	565,020	629,096	672,599	43,503
Rentals	2,510	2,510	4,566	2,056
Miscellaneous	24,052	16,500	27,831	11,331
<i>Total Revenues</i>	12,371,892	13,882,662	13,999,329	116,667
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	5,115,239	5,150,535	5,164,547	(14,012)
Special	1,200,454	1,215,965	1,175,588	40,377
Vocational	227,729	227,729	220,571	7,158
Other	587,685	607,685	666,116	(58,431)
<i>Support Services:</i>				
Pupils	579,179	609,679	534,591	75,088
Instructional Staff	632,660	681,661	688,115	(6,454)
Board of Education	117,988	117,988	97,224	20,764
Administration	1,541,146	1,639,143	1,659,170	(20,027)
Fiscal	196,874	196,874	196,687	187
Operation and Maintenance of Plant	980,065	1,025,557	1,092,587	(67,030)
Pupil Transportation	841,994	934,067	859,554	74,513
Central	57,091	57,091	48,467	8,624
Extracurricular Activities	400,126	408,125	411,239	(3,114)
<i>Total Expenditures</i>	12,478,230	12,872,099	12,814,456	57,643
<i>Excess of Revenues Over (Under) Expenditures</i>	(106,338)	1,010,563	1,184,873	174,310
<b><u>Other Financing Sources (Uses):</u></b>				
Insurance Recoveries	1,000	1,000	3,251	2,251
Transfers Out	0	0	(1,214)	(1,214)
Proceeds from Sale of Capital Assets	500	2,000	500	(1,500)
<i>Total Other Financing Sources (Uses)</i>	1,500	3,000	2,537	(463)
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(104,838)	1,013,563	1,187,410	173,847
<i>Fund Balance at Beginning of Year</i>	469,417	469,417	469,417	0
<i>Prior Year Encumbrances Appropriated</i>	72,102	72,102	72,102	0
<i>Fund Balance at End of Year</i>	\$436,681	\$1,555,082	\$1,728,929	\$173,847

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Net Assets*

*Proprietary Fund*

*June 30, 2008*

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	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Assets:</u></b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$131,204
Cash and Cash Equivalents with Fiscal Agents	<u>105,543</u>
<i>Total Current Assets</i>	<u>236,747</u>
<b><u>Liabilities:</u></b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>58,566</u>
<b><u>Net Assets:</u></b>	
Unrestricted	<u><u>\$178,181</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2008*

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	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Operating Revenues:</u></b>	
Charges for Services	<u>\$1,186,267</u>
<b><u>Operating Expenses:</u></b>	
Fringe Benefits	1,087,562
Purchased Services	22,681
Claims	<u>103,733</u>
<i>Total Operating Expenses</i>	<u>1,213,976</u>
<i>Change in Net Assets</i>	(27,709)
<i>Net Assets at Beginning of Year</i>	<u>205,890</u>
<i>Net Assets at End of Year</i>	<u><u>\$178,181</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, 2008*

	Governmental Activities
	Internal Service
<hr/>	
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Interfund Charges	\$1,186,267
Cash Payments for Employee Benefits	(1,087,562)
Cash Payments for Goods and Services	(22,681)
Cash Payments for Claims	(46,060)
	<hr/>
<i>Net Cash from Operating Activities</i>	29,964
	<hr/>
<i>Net Increase in Cash and Cash Equivalents</i>	29,964
	<hr/>
<i>Cash and Cash Equivalents at Beginning of Year</i>	206,783
	<hr/>
<i>Cash and Cash Equivalents at End of Year</i>	\$236,747
	<hr/> <hr/>
<b><u>Reconciliation of Operating Loss</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
Operating Loss	(\$27,709)
<b><u>Adjustments to Reconcile Operating Income</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
<i>Increase in Liabilities:</i>	
Claims Payable	57,673
	<hr/>
Total Adjustments	57,673
	<hr/>
<i>Net Cash from Operating Activities</i>	\$29,964
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2008*

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	<u>Private Purpose Trust</u>	<u>Agency</u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$1,897</u>	<u>\$13,917</u>
<b><u>Liabilities:</u></b>		
Due to Students	<u>0</u>	<u>13,917</u>
<i>Total Liabilities</i>	<u>0</u>	<u>13,917</u>
<b><u>Net Assets:</u></b>		
<i>Held in Trust for:</i>		
Other Individuals and Organizations	<u>\$1,897</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Change in Fiduciary Net Assets*

*Fiduciary Fund*

*For the Fiscal Year Ended June 30, 2008*

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	<u>Private Purpose Trust</u>
<b><u>Additions:</u></b>	
Gifts and Donations	\$2,308
Interest	<u>45</u>
<i>Total Additions</i>	2,353
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreements	<u>2,421</u>
<i>Change in Net Assets</i>	(68)
<i>Net Assets at Beginning of Year</i>	<u>1,965</u>
<i>Net Assets at End of Year</i>	<u><u>\$1,897</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, 2008*

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

**Description of the School District**

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

The District is located in Fairfield County, within portions of Bloom Township and Greenfield Township, and the Village of Carroll, Ohio. It is staffed by 63 non-certificated employees, 107 (including administrative) full-time and part-time employees who provide services to 1,614 students in grades K through 12 and various community groups, which ranks it 380 out of approximately 705 public and community school districts in Ohio. The District currently operates 4 instructional buildings.

**Reporting Entity**

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

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

The District is associated with four organizations, three of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are the Metropolitan Educational Council, the South Central Ohio Insurance Consortium, Central Ohio Special Education Regional Resource Center and the Sheakley Uniservice, Inc. Worker's Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

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

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. The major fund is presented in a separate column. 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, 2008*

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

The following is the District's only major governmental fund:

**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.

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

**Proprietary Fund**

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

**Fiduciary Funds**

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

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

**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, 2008*

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**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 assets. The statement of revenues, expenses, and changes in fund net assets presents increases (revenues) and decreases (expenses) in total fund assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

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

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

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

**Expenses/Expenditures**

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

The 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 2008, 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 investments the investment could be sold for on June 30, 2008.

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 2008 amounted to \$103,571, which includes \$19,406 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.

**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, 2008, 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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

**H. Restricted Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted assets in the General Fund include amounts required by statute to be set-aside by the District to create a reserve for textbooks, capital improvements and budget stabilization. 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 assets but are not reported in the fund financial statements.

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

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

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

**J. Interfund Balances**

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

**K. Compensated Absences**

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

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

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

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

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

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

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

**M. Net Assets**

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

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

**N. Fund Balance Reserves**

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for prepaids represents the portion of fund balance segregated for prepaid items to indicate that they do not represent expendable financial resources. The reserve for endowment represents the principal amount of the permanent trust legally restricted for endowment purposes. The reserve for budget stabilization, and textbooks and instructional materials represents money required to be set-aside by statute.

**O. Operating Revenues and Expenses**

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

**P. Interfund Transactions**

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

**Q. 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.

**R. 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 and function.

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 2008.

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, 2008*

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**NOTE 3- NEW GASB PRONOUNCEMENTS**

For fiscal year 2008, the District implemented GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB No. 50, "Pension Disclosures", an amendment of GASB Statements No. 25 and No. 27. The implementation of GASB Statement No. 48 and 50 had some effect on the disclosure requirements, however, there was no effect on the prior period fund balances of the District.

**NOTE 4 - ACCOUNTABILITY**

The following funds had deficit fund balances as of June 30, 2008:

*Nonmajor Special Revenue Funds:*

Food Service	\$5,572
Entry Year	81
Title VI-B	37,664
Title I	864
Title II-A	4,264

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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**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	\$1,187,410
<i>Adjustments:</i>	
Revenue Accruals	(24,018)
Expenditure Accruals	22,432
Encumbrances	<u>60,215</u>
GAAP Basis	<u><u>\$1,246,039</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;
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;



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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

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, 2008, the carrying amount of all the District deposits was \$343,886. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2008, \$139,043 of the District's bank balance of \$337,061 was with securities held by the pledging financial institution's trust department or agent, but not in the District's name, while \$198,018 was covered by Federal Deposit Insurance in the manner described above.

**Investments:** The District had the following investments at June 30, 2008:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity less than one year</u>
STAROhio	\$1,170,647	\$1,170,647
Federal National Mortgage Association Notes	347,375	347,375
Federal Home Loan Mortgage Corporation Notes	297,267	297,267
Total Fair Value	<u>\$1,815,289</u>	<u>\$1,815,289</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

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

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits their investments to STAR Ohio and obligations of Federal Government Agencies or Instrumentalities as described in Ohio Revised Code Section 135.143A(2). Investments in STAR Ohio were rated ‘AAAm’ by Standard & Poor’s. Investments in Federal Home Loan Mortgage Corporation Notes, and Federal National Mortgage Association Notes 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 16% in Federal Home Loan Mortgage Corporation Notes, 19% in Federal National Mortgage Association Notes and 65% 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.

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	\$2,159,175	\$0
<i>Investments:</i>		
STAR Ohio	(1,170,647)	1,170,647
Federal National Mortgage Association Notes	(347,375)	347,375
Federal Home Loan Mortgage Corporation Notes	(297,267)	297,267
GASB Statement No. 3	<u>\$343,886</u>	<u>\$1,815,289</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property are required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31. Tangible personal property assessments are 6.25 percent of true value for 2008 and zero for 2009.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

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

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, 2008 are available to finance fiscal year 2008 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 2008 personal property tax settlement, delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which become measurable as of June 30, 2008. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2008 was \$619,009 and is recognized as revenue in the General Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$249,565,210	94.90%	\$273,124,590	95.86%
Public Utility Personal	9,379,000	3.50%	3,185,826	1.12%
Tangible Personal Property	4,396,250	1.60%	8,601,420	3.02%
Total Assessed Value	\$263,340,460	100.00%	\$284,911,836	100.00%
Tax rate per \$1,000 of assessed valuation	\$42.30		\$42.30	

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

**NOTE 8- INCOME TAXES**

The District levies a voted tax of 1.25 percent for general operations on the income of residents. The District had a 0.75 percent tax that was effective on January 1, 1998 and is a continuing tax. In November 2005, the voters of the District passed an additional income tax levy of 0.50 percent that became effective January 1, 2006. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of \$3,492,070 was credited to the General Fund during fiscal year 2008.

**NOTE 9 - INTERFUND ACTIVITY**

Interfund balances at June 30, 2008 were comprised of the following interfund receivable and interfund payables:

<u>Transfers From</u>	<u>Transfers To</u>
	<u>Endowment</u>
	<u>Fund</u>
General Fund	\$1,214

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

**NOTE 10 - RECEIVABLES**

Receivables at June 30, 2008 consisted of property taxes, income taxes, accounts (student fees), interfund, interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:

*Nonmajor Special Revenue Funds:*

Food Service	\$13,043
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**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

**NOTE 11 - CAPITAL ASSETS**

Capital asset governmental activity for the fiscal year ended June 30, 2008 was as follows:

<u>Asset Category</u>	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
<i>Nondepreciable Capital Assets:</i>				
Land	\$806,734	\$0	\$0	\$806,734
<i>Depreciable Capital Assets:</i>				
Land Improvements/Infrastructure	353,205	0	0	353,205
Buildings and Improvements	5,356,285	50,731	0	5,407,016
Furniture, Fixtures and Equipment	2,611,157	157,178	(11,945)	2,756,390
Vehicles	1,145,512	0	0	1,145,512
Library Books and Textbooks	243,567	0	0	243,567
Total Depreciable Capital Assets	<u>9,709,726</u>	<u>207,909</u>	<u>(11,945)</u>	<u>9,905,690</u>
Total Capital Assets	<u>10,516,460</u>	<u>207,909</u>	<u>(11,945)</u>	<u>10,712,424</u>
<i>Accumulated Depreciation:</i>				
Land Improvements/Infrastructure	(102,255)	(17,660)	0	(119,915)
Buildings and Improvements	(3,023,842)	(118,361)	0	(3,142,203)
Furniture, Fixtures and Equipment	(2,174,665)	(126,255)	11,783	(2,289,137)
Vehicles	(821,972)	(84,557)	0	(906,529)
Library Books and Textbooks	(243,518)	(49)	0	(243,567)
Total Accumulated Depreciation	<u>(6,366,252)</u>	<u>(346,882)</u>	<u>11,783</u>	<u>(6,701,351)</u>
Total Net Capital Assets	<u>\$4,150,208</u>	<u>(138,973)</u>	<u>(162)</u>	<u>\$4,011,073</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$126,361
Special	223
Vocational	1,273
<i>Support Services:</i>	
Pupils	9,019
Instructional Staff	9,242
Administration	3,260
Fiscal	603
Operation and Maintenance of Plant	82,652
Pupil Transportation	83,337
Operation of Non-Instructional Services	3,294
Extracurricular Activities	27,618
Total Depreciation Expense	<u>\$346,882</u>

**NOTE 12 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2008, the District contracted with Indiana Insurance for professional and general liability insurance, fleet insurance, and property insurance. Coverages provided are as follows:

Building and Contents (\$2,500 deductible)	\$25,105,047
Inland Marine Coverage (\$250 deductible)	50,000
<i>Automobile Liability:</i> (\$500 deductible for collision and \$250 comprehensive) Each Accident	1,000,000
Aggregate Limit per Year	3,000,000
<i>Professional and General Liability:</i> Each Occurrence	1,000,000
Aggregate Limit per Year	2,000,000

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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

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

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

For fiscal year 2008, the District participated in the Sheakley Uniservice, Inc. Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 19). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

The District provides medical, prescription and dental insurance for its employees. Premiums are paid directly to the South Central Ohio Insurance Consortium (SCOIC), who then submits payments for actual claims to Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a third party administrator, who services all claims submitted by employees. The Internal Service Fund presented in the financial statements reflects the premiums paid by the same funds that pay the employees' salaries. The premiums paid into the Internal Service Fund are used for claims, claim reserves, and administrative costs.

The claims liability of \$58,566 reported in the internal service fund at June 30, 2008, is based on an estimate provided by the actuary for dental claims. 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 years are as follows:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2007	\$4,679	\$45,943	\$49,729	\$893
2008	893	103,733	46,060	58,566

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of the annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 were \$272,089, \$186,115, and \$162,451, respectively; 30.65 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006. \$188,691 representing the unpaid contribution for fiscal year 2008 is recorded as a liability on the statement of net assets.

**State Teachers Retirement System**

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

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



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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

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

For fiscal year ended June 30, 2008, plan members are required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$889,933, \$747,231, and \$753,311, respectively; 71.63 percent has been contributed for fiscal year 2008 and 100 percent for the fiscal years 2007 and 2006. \$252,453 representing the unpaid contribution for fiscal year 2008 is recorded as a liability on the statement of net assets.

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, no members of the Board of Education have elected Social Security.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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

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

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

***Funding Policy*** - Under Ohio law, funding for postemployment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The 14 percent contribution is the maximum rate allowed under Ohio law.

All STRS benefit recipients pay a portion of the health care cost in the form of a monthly premium. The Districts' contributions allocated to fund postemployment health care benefits for the years ended June 30, 2008, 2007, and 2006 were \$68,456, \$57,479, and \$57,947 respectively; 100 percent has been contributed for years 2008, 2007, and 2006.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2008*

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

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$4.1 billion at June 30, 2007 (the latest information year available). For the year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000 and STRS had 122,934 eligible benefit recipients.

**Health Care Plan** - Ohio law authorizes SERS Ohio to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code (ORC) postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administrated in accordance with Internal Revenue Code 401(h). 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. At June 30, 2008, the health care allocation was 4.18 percent. The actuarially required contributions (ARC), as of June 30, 2007 annual valuation was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. Bloom Carroll Local School District's contributions for the years ended June 30, 2008, 2007, 2006 were \$139,904, \$84,248, and \$ 73,942 respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 2008, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**NOTE 15 - EMPLOYEE BENEFITS**

**Compensated Absences**

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

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

**Life Insurance**

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

**NOTE 16 - LONG-TERM LIABILITIES**

The changes in the District's long-term liabilities during fiscal year 2008 were as follows:

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008	Amount Due in One Year
Governmental Activities:					
Compensated Absences	\$780,498	\$307,859	\$414,359	\$673,998	\$100,025
Total Governmental Activities Long-Term Liabilities	\$780,498	\$307,859	\$414,359	\$673,998	\$100,025

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, 2008*

**NOTE 17 - STATUTORY SET-ASIDES**

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2008:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Balance as of July 1, 2007	\$19,976	\$23,711	\$27,905	\$71,592
Current Year Set-Aside Requirement	238,478	238,478	0	476,956
Qualifying Disbursements	<u>(252,179)</u>	<u>(284,703)</u>	<u>0</u>	<u>(536,882)</u>
Total	<u>6,275</u>	<u>(22,514)</u>	<u>27,905</u>	<u>11,666</u>
Set-Aside Balance as of June 30, 2008	<u>\$6,275</u>	<u>\$0</u>	<u>\$27,905</u>	
Total Restricted Assets				<u><u>\$34,180</u></u>

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

Senate Bill 345 eliminated the Budget Stabilization Reserve, except for amounts related to unspent Bureau of Workers compensation refunds. The Bill requires the Board of Education to designate its intended use of the Reserve. The Board of Education designated, by motion, that the reserve will be used to address unforeseen or emergency situations.

**NOTE 18 - 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 \$601 to MEC for services provided during fiscal year 2008. 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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2008*

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**NOTE 18 - JOINTLY GOVERNED ORGANIZATION** - (Continued)

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

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

**Central Ohio Special Education Regional Resource Center**

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

**NOTE 19 - 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.

**NOTE 20 - CONTINGENCIES**

**Grants:** The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

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# Mary Taylor, CPA

Auditor of State

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

Bloom Carroll Local School District  
Fairfield County  
5240 Plum Road NW  
P.O. Box 338  
Carroll, Ohio 43112-0338

To the Board of Education:

We have audited the financial statements of the governmental activities, the 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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we also believe the significant deficiency described above as finding number 2008-001 is also a material weakness.

We also noted a certain internal control matter that we reported to the District's management in a separate letter dated January 29, 2010.

#### **Compliance and Other Matters**

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

We did note a certain noncompliance or other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 29, 2010.

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

We intend this report solely for the information and use of management and Board of Education. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 29, 2010



**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Significant Deficiency/Material Weakness**

**Financial Statement Adjustments**

The following errors were noted involving the District's financial statement presentation:

- The amount reported for Claims Payable in the Internal Service Fund was understated \$54,776,
- Original Budgetary Estimated Revenues for the General fund were understated \$34,377, and
- Original Budgetary Appropriations were overstated \$387,777.

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

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

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

**Officials' Response**

The claims payable adjustment for Fiscal Year 2008 was corrected in Fiscal Year 2009. The District will continue to ensure the GAAP converter is using the original estimated revenues and appropriations from the September Board meeting as opposed to the temporary July amounts.

BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2007-001	Financial statement adjustments.	No	Repeated as finding number 2008-001.



# Mary Taylor, CPA

Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on July 8, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A procedure for reporting prohibited incidents;
  - (2) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (3) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.
  - (6) A procedure for documenting any prohibited incident that is reported.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by Section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - (2) A procedure for responding to and investigating any reported incident;
  - (3) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
  - (4) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.

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

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



**Mary Taylor, CPA**  
Auditor of State

January 29, 2010



Mary Taylor, CPA  
Auditor of State

**BLOOM CARROLL LOCAL SCHOOL DISTRICT**  
**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**MARCH 2, 2010**