



**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2011**



**Dave Yost • Auditor of State**



**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
<b>Basic Financial Statements:</b>	
<u>Government-wide Financial Statements:</u>	
Statement of Net Assets.....	15
Statement of Activities.....	16
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds.....	17
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund.....	21
Statement of Net Assets - Proprietary Fund.....	22
Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Fund.....	23
Statement of Cash Flows - Proprietary Fund.....	24
Statement of Fiduciary Net Assets - Fiduciary Funds.....	25
Statement of Change in Fiduciary Net Assets - Fiduciary Funds.....	26
Notes to the Basic Financial Statements.....	27
Federal Awards Receipts and Expenditures Schedule.....	55
Notes to the Federal Awards Receipts and Expenditures Schedule.....	56
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	59
Schedule of Findings.....	61
Schedule of Prior Audit Findings.....	62

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio, as of June 30, 2011, 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.

As described in Note 3, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

January 11, 2012

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(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, 2011. 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, 2011 by \$8,115,970. Of this amount, \$6,494,328 represents the total of amounts invested in capital assets and amounts restricted for specific purposes and a balance of \$1,621,642 in unrestricted assets.
- ▶ In total, net assets of governmental activities increased by \$1,177,932 which represents a 16.98 percent increase from 2010.
- ▶ General revenues accounted for \$13,378,973 or 72.28 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$5,131,807 or 27.72 percent of total revenues of \$18,510,780.
- ▶ The District had \$17,332,848 in expenses related to governmental activities; only \$5,131,807 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 \$13,378,973 were used to provide for the remainder of these programs.
- ▶ The District recognizes three major governmental funds: the General, Bond Retirement and Building Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$13,744,739 in revenues and \$14,552,673 in expenditures in fiscal year 2011.

**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, 2011  
(Unaudited)*

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**Reporting the District as a Whole**

**Government-Wide Financial Statements**

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

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

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

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

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

**Fund Financial Statements**

The analysis of the District's major funds begins on page 17. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General, Bond Retirement and Building Funds.

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



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(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, 2011  
(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 2011 compared to fiscal year 2010:

**Table 1  
Net Assets**

	<u>Governmental Activities</u>	
	2011	2010
<u>Assets:</u>		
Current and Other Assets	\$37,476,717	\$38,953,570
Capital Assets, Net	7,794,889	4,248,719
<i>Total Assets</i>	<u>45,271,606</u>	<u>43,202,289</u>
<u>Liabilities:</u>		
Long-Term Liabilities	26,344,655	27,427,417
Other Liabilities	10,810,981	8,836,834
<i>Total Liabilities</i>	<u>37,155,636</u>	<u>36,264,251</u>
<u>Net Assets:</u>		
Invested in Capital Assets	4,069,611	3,878,762
Restricted	2,424,717	1,021,356
Unrestricted	1,621,642	2,037,920
<i>Total Net Assets</i>	<u>\$8,115,970</u>	<u>\$6,938,038</u>

Current and other assets decreased \$1,476,853 from fiscal year 2010 due to a decrease in cash and cash equivalents held by the District. Capital assets increased by \$3,546,170 as a result of construction in progress.

Current (other) liabilities increased by \$1,974,147 or 22.34 percent primarily due to increases in deferred revenue and contracts payable.

Long-term liabilities decreased by \$1,082,762 due to scheduled debt payments made by the District.

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, 2011  
(Unaudited)*

The District has a balance of \$1,621,642 in unrestricted net assets. These net assets represent resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$2,424,717 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 2011 and provides a comparison to fiscal year 2010.

**Table 2  
Change in Net Assets**

	<b>Governmental Activities</b>	
	2011	2010
<b><u>Revenues:</u></b>		
<i>Program Revenue:</i>		
Charges for Services and Sales	\$1,431,605	\$1,348,678
Operating Grants and Contributions	3,165,774	2,574,753
Capital Grants and Contributions	534,428	0
<i>General Revenue:</i>		
Property Taxes	6,420,702	5,881,489
Income Taxes	3,496,497	3,261,404
Unrestricted Grants and Entitlements	3,110,898	2,663,526
Investment Earnings	315,173	179,941
Gain on Sale of Capital Asset	2,000	0
Miscellaneous	33,703	52,810
<i>Total Revenues</i>	<u>18,510,780</u>	<u>15,962,601</u>
<b><u>Expenses:</u></b>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	5,449,615	5,496,618
Special	1,721,478	1,616,280
Vocational	238,294	240,761
Student Intervention Services	69,549	89,386
Other	534,657	530,247

(Continued)

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

**Table 2  
Changes in Net Assets**

	2011	2010
<i>Support Services:</i>		
Pupils	704,462	801,890
Instructional Staff	900,444	806,348
Board of Education	236,317	145,696
Administration	1,691,441	1,695,708
Fiscal	225,137	264,178
Operation and Maintenance of Plant	1,369,118	1,282,510
Pupil Transportation	1,194,082	1,068,216
Central	56,391	107,770
<i>Operation of Non-Instructional Services:</i>		
Food Services	507,708	431,919
Other	750	3,000
Extracurricular Activities	651,789	561,944
Interest and Fiscal Charges	1,781,646	379,588
<i>Total Expenses</i>	<u>17,332,848</u>	<u>15,522,059</u>
<i>Change in Net Assets</i>	1,177,932	440,542
Net Assets – Beginning of Year	<u>6,938,038</u>	<u>6,497,496</u>
Net Assets – End of Year	<u><u>\$8,115,970</u></u>	<u><u>\$6,938,038</u></u>

The most significant program expenses for the District are Regular Instruction, Interest and Fiscal Charges, Special Instruction, Administration, Operation and Maintenance of Plant and Pupil Transportation. These programs account for 76.20 percent of the total governmental activities. Regular Instruction, which accounts for 31.44 percent of the total, represents costs associated with providing general educational services. Interest and Fiscal Charges, which accounts for 10.28 percent of the total, represents costs associated with interest and fees related to long term debt. Special Instruction, which represents 9.93 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Administration, which represents 9.76 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Operation and Maintenance of Plant, which represents 7.90 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Pupil Transportation, which represents 6.89 percent of the total, represents costs associated with providing transportation services for students between home and school and to school activities.

The majority of the funding for the most significant programs indicated above is from property taxes, operating grants and contributions, and grants and entitlements not restricted for specific programs. Property taxes, operating grants and contributions, and grants and entitlements not restricted for specific programs account for 70.38 percent of total revenues.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

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As noted previously, the net assets for the governmental activities increased \$1,177,932 or 16.98 percent. This is a change from last year when net assets increased \$440,542 or 6.78 percent. Total revenues increased \$2,548,179 or 16.23 percent from last year and expenses increased \$1,810,789 or 11.67 percent from last year.

The District had program revenue increases of \$1,208,376, as well as increases in general revenues of \$1,339,803. The increase in program revenue is the result of an increase in operating grants revenue. The increase in general revenue is primarily due to increases of property taxes and grants revenue.

The total expenses for governmental activities increased as a result of one significant increase in Interest and Fiscal Charges. Interest and Fiscal charges increased \$1,402,058 due to the payments on the new bond issued.

**Governmental Activities**

Over the past years, the District began having some fiscal problems that resulted in a decrease of cash balances. However, that trend began to reverse in fiscal year 2007. The District is heavily dependent on property taxes, income taxes, and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 34.68 percent, income taxes made up 18.89 percent, and intergovernmental revenue made up 16.81 percent of the total revenue for our governmental activities in fiscal year 2011.

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 \$3,500,000 in revenue for general operations for fiscal year 2011.

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 2011, the District received \$3,036,780 through the State's foundation program, which represents 16.41 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 46.23 percent of governmental activities program expenses. Support services expenses make up 36.79 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 2011 compared with fiscal year 2010. 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, 2011  
(Unaudited)*

**Table 3  
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
<i>Program Expenses:</i>				
Instruction	\$8,013,593	\$4,516,150	\$7,973,292	\$5,579,104
Support Services	6,377,362	5,389,692	6,172,316	5,222,884
Operation of Non-Instructional Services	508,458	(12,578)	434,919	(31,771)
Extracurricular Activities	651,789	526,131	561,944	448,823
Interest and Fiscal Charges	1,781,646	1,781,646	379,588	379,588
Total Expenses	<u>\$17,332,848</u>	<u>\$12,201,041</u>	<u>\$15,522,059</u>	<u>\$11,598,628</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 \$18,530,780 and expenditures and other financing uses of \$22,222,897.

Total governmental funds fund balance decreased by \$3,692,117. The decrease in fund balance for the year was most significant in the Building Fund, a decrease of \$2,219,119, reflecting construction payments made in excess of revenues.

With the additional income tax passed by voters in November 2005, projections beyond fiscal year 2012 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 2011, the District amended its General Fund budget one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management.

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

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For the General Fund, the final budget basis revenue was \$14,180,354 representing a \$95,323 increase from the original budget estimates of \$14,085,031. The final budget reflected a 0.68 percent increase from the original budgeted amount. Most of this difference is due to an increase in property tax revenue during the fiscal year. The actual budget basis revenues were \$14,064,749 representing a \$115,605 decrease from the final budgeted amount. For the General Fund, the final budget basis expenditures were \$14,809,275 representing a \$272,514 increase from the original budget estimates of \$14,536,761. The actual budget basis expenditures were \$14,532,147 representing a \$277,128 decrease from the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2011, the District had \$15.4 million invested in land, land improvements/infrastructure, buildings and improvements, furniture, fixtures, and equipment, vehicles, and library books and textbooks, of which all was in governmental activities. That total carries an accumulated depreciation of \$7.6 million. Table 4 shows fiscal year 2011 balances compared to fiscal year 2010.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

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

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
<i>Nondepreciable Capital Assets:</i>		
Land	\$806,734	\$806,734
Construction in Progress	3,725,278	369,957
<i>Depreciable Capital Assets:</i>		
Land Improvements/Infrastructure	470,270	412,727
Buildings and Improvements	5,639,210	5,526,604
Furniture, Fixtures and Equipment	3,079,089	2,963,056
Vehicles	1,407,527	1,173,037
Library Books and Textbooks	243,567	243,567
<i>Total Capital Assets</i>	<u>15,371,675</u>	<u>11,495,682</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements/Infrastructure	(178,798)	(156,723)
Buildings and Improvements	(3,491,221)	(3,374,400)
Furniture, Fixtures and Equipment	(2,649,048)	(2,531,977)
Vehicles	(1,014,152)	(940,296)
Library Books and Textbooks	(243,567)	(243,567)
<i>Total Accumulated Depreciation</i>	<u>(7,576,786)</u>	<u>(7,246,963)</u>
Capital Assets, Net	<u>\$7,794,889</u>	<u>\$4,248,719</u>

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



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

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**Debt Administration**

At June 30, 2011, the District had \$25,510,000 in general obligation debt outstanding with \$795,000 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2011 compared to fiscal year 2010.

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

<u>Purpose</u>	<u>2011</u>	<u>2010</u>
2010 School Improvement Bonds	\$25,510,000	\$26,500,000
Total	<u>\$25,510,000</u>	<u>\$26,500,000</u>

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 off a higher rate under the State's current Bridge funding formula. State funding to Bloom-Carroll was reduced by approximately \$500,000 for the upcoming fiscal year. This along with rising expenditures, may force the District to seek additional funding through an income tax or property tax. As indicated in the preceding financial information, the District is heavily dependent on taxes and intergovernmental revenue. Nearly one-quarter of the District's funding is received through the State's foundation program, which along with taxes and other various grants and entitlements makes up 90 percent of the District's revenue. The District relies on state and federal funding to operate at the current level of services. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning and the passage of an income tax levy in November, 2005 will enable the District to sustain programs and maintain the strong educational processes currently in place.

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

Residential growth has not eluded the District although it has slowed over the past two years. Increasing numbers of housing developments are being approved by the townships. The new developments are attracting young families to the area as evidenced by the residential permits issued in the townships. The District's enrollment has increased by 20.75 percent since October, 2003. Residential/agricultural property contributes 79 percent of the District's real estate valuation.

In April 2010, general obligation bonds at 5.80% interest were issued in the amount of \$26,500,000, as a result of the District being approved for school facilities funding through the State Department of Education for the renovation of the High School Building and to construct a new grades 5-8 middle school building. The construction began in March, 2011 and is expected to be completed by February, 2013.

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)*

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**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information, contact Travis Bigam, Treasurer of Bloom-Carroll Local School Board of Education, 5240 Plum Road, Carroll, Ohio 43112.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

Statement of Net Assets

June 30, 2011

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	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$10,110,756
Cash and Cash Equivalents with Fiscal Agent	860,976
Property Taxes Receivable	7,837,495
Income Taxes Receivable	1,271,142
Accounts Receivable	3,348
Intergovernmental Receivable	13,248
Accrued Interest Receivable	292,688
Prepaid Items	6,851
Materials and Supplies Inventory	1,503
<b><i>Restricted Assets:</i></b>	
Cash and Cash Equivalents	16,605,000
Equity in Pooled Cash and Cash Equivalents	31,855
Deferred Charges	441,855
Nondepreciable Capital Assets	4,532,012
Depreciable Capital Assets, Net	3,262,877
<b><i>Total Assets</i></b>	<b>45,271,606</b>
<b><u>Liabilities:</u></b>	
Accounts Payable	97,494
Accrued Wages and Benefits	1,421,410
Contracts Payable	686,396
Intergovernmental Payable	522,700
Accrued Interest Payable	312,131
Matured Compensated Absences Payable	106,043
Claims Payable	298,029
Deferred Revenue	7,366,778
<b><i>Long-Term Liabilities:</i></b>	
Due within One Year	884,495
Due in More Than One Year	25,460,160
<b><i>Total Liabilities</i></b>	<b>37,155,636</b>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets, Net of Debt	4,069,611
<b><i>Restricted for:</i></b>	
Debt Service	381,239
Capital Outlay	1,996,581
Expendable	13,305
Nonexpendable	10,000
Other Purposes	23,592
Unrestricted	1,621,642
<b><i>Total Net Assets</i></b>	<b>\$8,115,970</b>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

Statement of Activities

For the Fiscal Year Ended June 30, 2011

	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>Governmental Activities:</u>	Expenses				
<i>Instruction:</i>					
Regular	\$5,449,615	\$972,773	\$1,207,939	\$534,428	(\$2,734,475)
Special	1,721,478	0	728,265	0	(993,213)
Vocational	238,294	0	28,188	0	(210,106)
Student Intervention Services	69,549	0	0	0	(69,549)
Other	534,657	0	25,850	0	(508,807)
<i>Support Services:</i>					
Pupils	704,462	0	86,522	0	(617,940)
Instructional Staff	900,444	0	26,100	0	(874,344)
Board of Education	236,317	0	0	0	(236,317)
Administration	1,691,411	0	102,339	0	(1,589,072)
Fiscal	225,137	0	0	0	(225,137)
Operation and Maintenance of Plant	1,369,118	0	136,374	0	(1,232,744)
Pupil Transportation	1,194,082	0	636,335	0	(557,747)
Central	56,391	0	0	0	(56,391)
<i>Operation of Non-Instructional Services:</i>					
Food Services	507,708	360,382	160,654	0	13,328
Community Services	750	0	0	0	(750)
Extracurricular Activities	651,789	98,450	27,208	0	(526,131)
Interest and Fiscal Charges	1,781,646	0	0	0	(1,781,646)
<i>Total Governmental Activities</i>	<u>\$17,332,848</u>	<u>\$1,431,605</u>	<u>\$3,165,774</u>	<u>\$534,428</u>	<u>(12,201,041)</u>
 <u>General Revenues:</u>					
<i>Property Taxes Levied for:</i>					
General Purposes					5,151,571
Debt Service					1,269,131
<i>Income Taxes Levied for:</i>					
General Purposes					3,496,497
Grants and Entitlements not Restricted to Specific Programs					3,110,898
Investment Earnings					315,173
Gain on Sale of Capital Assets					2,000
Miscellaneous					33,703
<i>Total General Revenues</i>					<u>13,378,973</u>
Change in Net Assets					1,177,932
<i>Net Assets at Beginning of Year</i>					<u>6,938,038</u>
<i>Net Assets at End of Year</i>					<u>\$8,115,970</u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Balance Sheet  
Governmental Funds  
June 30, 2011*

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$1,889,167	\$607,878	\$7,291,970	\$279,840	\$10,068,855
Property Taxes Receivable	6,340,224	1,497,271	0	0	7,837,495
Income Taxes Receivable	1,271,142	0	0	0	1,271,142
Accounts Receivable	3,348	0	0	0	3,348
Intergovernmental Receivable	0	0	0	13,248	13,248
Accrued Interest Receivable	21,765	0	270,923	0	292,688
Interfund Receivable	10,229	0	0	0	10,229
Prepaid Items	6,851	0	0	0	6,851
Materials and Supplies Inventory	0	0	0	1,503	1,503
<b><u>Restricted Assets:</u></b>					
Cash and Cash Equivalents	0	0	16,605,000	0	16,605,000
Equity in Pooled Cash and Cash Equivalents	31,855	0	0	0	31,855
<b><i>Total Assets</i></b>	<b><u>\$9,574,581</u></b>	<b><u>\$2,105,149</u></b>	<b><u>\$ 24,167,893</u></b>	<b><u>\$294,591</u></b>	<b><u>\$36,142,214</u></b>
<b><u>Liabilities and Fund Balances:</u></b>					
<b><u>Liabilities:</u></b>					
Accounts Payable	\$83,895	\$0	\$0	\$13,599	\$97,494
Accrued Wages and Benefits	1,280,633	0	0	140,777	1,421,410
Intergovernmental Payable	492,066	0	0	30,634	522,700
Contracts Payable	20,616	0	665,780	0	686,396
Interfund Payable	0	0	0	10,229	10,229
Deferred Revenue	6,262,848	1,484,480	0	0	7,747,328
Matured Compensated Absences Payable	106,043	0	0	0	106,043
<b><i>Total Liabilities</i></b>	<b><u>8,246,101</u></b>	<b><u>1,484,480</u></b>	<b><u>665,780</u></b>	<b><u>195,239</u></b>	<b><u>10,591,600</u></b>
<b><u>Fund Balances:</u></b>					
Nonspendable	6,851	0	0	10,000	16,851
Restricted	31,855	620,669	23,502,113	108,810	24,263,447
Assigned	162,099	0	0	31,825	193,924
Unassigned	1,127,675	0	0	(51,283)	1,076,392
<b><i>Total Fund Balances</i></b>	<b><u>1,328,480</u></b>	<b><u>620,669</u></b>	<b><u>23,502,113</u></b>	<b><u>99,352</u></b>	<b><u>25,550,614</u></b>
<b><i>Total Liabilities and Fund Balances</i></b>	<b><u>\$9,574,581</u></b>	<b><u>\$2,105,149</u></b>	<b><u>\$24,167,893</u></b>	<b><u>\$294,591</u></b>	<b><u>\$36,142,214</u></b>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2011*

**Total Governmental Funds Balances** \$25,550,614

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

Capital assets used in governmental activities are not financial resources and  
 therefore are not reported in the funds. 7,794,889

Some of the District's receivables will be collected after fiscal year-end, but are  
 not available soon enough to pay for the current period's expenditures and  
 therefore are deferred in the funds. These receivables consist of:  
     Property taxes 380,549

Unamortized issuance costs represent deferred charges which do not provide current  
 financial resources and are therefore not reported in the funds. 441,855

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

General obligation bonds	(25,510,000)	
Premium on bonds	(194,490)	
Accrued interest	(312,131)	
Compensated absences	(640,165)	
	(26,656,786)	(26,656,786)

Total liabilities that are not reported in the funds

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. 604,849

*Net Assets of Governmental Activities* \$8,115,970

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, 2011

	General	Bond Retirement	Building	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>					
Property Taxes	\$5,142,171	\$1,278,531	\$0	\$0	\$6,420,702
Income Taxes	3,496,497	0	0	0	3,496,497
Intergovernmental	4,033,260	930,674	497,261	1,322,697	6,783,892
Interest	46,067	0	268,984	122	315,173
Tuition and Fees	972,773	0	0	0	972,773
Extracurricular Activities	15,400	0	0	83,050	98,450
Charges for Services	0	0	0	360,382	360,382
Contributions and Donations	10,662	0	0	16,546	27,208
Miscellaneous	27,909	0	0	5,794	33,703
<b>Total Revenues</b>	<b>13,744,739</b>	<b>2,209,205</b>	<b>766,245</b>	<b>1,788,591</b>	<b>18,508,780</b>
<b><u>Expenditures:</u></b>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	5,652,134	0	0	332,685	5,984,819
Special	1,185,785	0	0	559,708	1,745,493
Vocational	242,528	0	0	0	242,528
Student Intervention Services	70,880	0	0	0	70,880
Other	514,723	0	0	19,934	534,657
<i>Support Services:</i>					
Pupils	631,201	0	0	91,896	723,097
Instructional Staff	892,439	0	0	26,401	918,840
Board of Education	236,522	0	0	0	236,522
Administration	1,682,959	23,977	0	0	1,706,936
Fiscal	239,100	0	0	0	239,100
Operation and Maintenance of Plant	1,345,335	0	134,812	32,631	1,512,778
Pupil Transportation	1,281,988	0	0	84,340	1,366,328
Central	56,391	0	0	0	56,391
<i>Operation of Non-Instructional Services:</i>					
Food Service Operations	0	0	0	507,430	507,430
Community Services	0	0	0	750	750
Extracurricular Activities	520,688	0	0	130,049	650,737
Capital Outlay	0	0	2,850,552	80,461	2,931,013
<i>Debt Service:</i>					
Principal Retirement	0	990,000	0	0	990,000
Interest and Fiscal Charges	0	1,784,598	0	0	1,784,598
<b>Total Expenditures</b>	<b>14,552,673</b>	<b>2,798,575</b>	<b>2,985,364</b>	<b>1,866,285</b>	<b>22,202,897</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(807,934)</b>	<b>(589,370)</b>	<b>(2,219,119)</b>	<b>(77,694)</b>	<b>(3,694,117)</b>
<b><u>Other Financing Sources (Uses):</u></b>					
Proceeds from the Sale of Capital Assets	2,000	0	0	0	2,000
Transfers In	0	0	0	20,000	20,000
Transfers Out	(20,000)	0	0	0	(20,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(18,000)</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>2,000</b>
<b>Net Change in Fund Balances</b>	<b>(825,934)</b>	<b>(589,370)</b>	<b>(2,219,119)</b>	<b>(57,694)</b>	<b>(3,692,117)</b>
<b>Fund Balances at Beginning of Year, As Restated (See Note 3)</b>	<b>2,154,414</b>	<b>1,210,039</b>	<b>25,721,232</b>	<b>157,046</b>	<b>29,242,731</b>
<b>Fund Balances at End of Year</b>	<b>\$1,328,480</b>	<b>\$620,669</b>	<b>\$23,502,113</b>	<b>\$99,352</b>	<b>\$25,550,614</b>

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, 2011*

**Net Change in Fund Balances - Total Governmental Funds** (\$3,692,117)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 3,546,170

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 (1)

Bond issuance costs are reported as expenditures in the governmental funds when due, but in the statement of activities there costs are accrued as deferred charges. (16,365)

Repayment of bond principal and premium and capital lease payments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 990,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 12,113

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	85,558
Amortize premium on bonds	7,204
	7,204

Total expenditures not reported in the funds 92,762

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. 245,370

*Change in Net Assets of Governmental Activities* \$1,177,932

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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues:</u></b>				
Property Taxes	\$5,201,772	\$5,581,431	\$5,589,485	\$8,054
Income Taxes	3,444,280	3,371,974	3,371,975	1
Intergovernmental	4,398,299	4,145,081	4,033,260	(111,821)
Interest	58,000	30,000	34,551	4,551
Tuition and Fees	852,000	969,693	972,180	2,487
Extracurricular Activities	86,880	22,975	15,400	(7,575)
Rentals	500	500	0	(500)
Contributions and Donations	0	14,000	10,662	(3,338)
Miscellaneous	43,300	44,700	37,236	(7,464)
<i>Total Revenues</i>	<u>14,085,031</u>	<u>14,180,354</u>	<u>14,064,749</u>	<u>(115,605)</u>
<b><u>Expenditures:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	5,617,899	5,647,899	5,528,319	119,580
Special	1,251,177	1,291,177	1,160,351	130,826
Vocational	267,578	267,578	246,860	20,718
Student Intervention Services	0	76,859	70,880	5,979
Other	606,563	529,704	519,272	10,432
<i>Support Services:</i>				
Pupils	684,905	684,905	662,409	22,496
Instructional Staff	804,112	803,931	888,285	(84,354)
Board of Education	169,846	250,026	249,094	932
Administration	1,745,575	1,745,576	1,698,398	47,178
Fiscal	249,765	249,765	267,918	(18,153)
Operation and Maintenance of Plant	1,364,472	1,364,473	1,358,607	5,866
Pupil Transportation	1,265,765	1,305,766	1,296,762	9,004
Central	61,641	61,641	56,391	5,250
Extracurricular Activities	447,463	529,975	528,601	1,374
<i>Total Expenditures</i>	<u>14,536,761</u>	<u>14,809,275</u>	<u>14,532,147</u>	<u>277,128</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(451,730)</u>	<u>(628,921)</u>	<u>(467,398)</u>	<u>161,523</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Insurance Recoveries	1,000	1,000	0	(1,000)
Proceeds from Sale of Capital Assets	2,000	2,000	2,000	0
Transfers Out	0	0	(20,000)	(20,000)
<i>Total Other Financing Sources (Uses)</i>	<u>3,000</u>	<u>3,000</u>	<u>(18,000)</u>	<u>(21,000)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(448,730)</u>	<u>(625,921)</u>	<u>(485,398)</u>	<u>140,523</u>
<i>Fund Balance at Beginning of Year, As Restated</i>	2,203,523	2,203,523	2,203,523	0
<i>Prior Year Encumbrances Appropriated</i>	<u>69,008</u>	<u>71,522</u>	<u>71,522</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,823,801</u></u>	<u><u>\$1,649,124</u></u>	<u><u>\$1,789,647</u></u>	<u><u>\$140,523</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Net Assets*

*Proprietary Fund*

*June 30, 2011*

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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	\$41,902
Cash and Cash Equivalents with Fiscal Agents	<u>860,976</u>
<i>Total Current Assets</i>	<u>902,878</u>
<b><u>Liabilities:</u></b>	
<i>Current Liabilities:</i>	
Claims Payable	<u>298,029</u>
<b><u>Net Assets:</u></b>	
Unrestricted	<u>604,849</u>
<i>Total Net Assets</i>	<u><u>\$604,849</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, 2011*

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	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Operating Revenues:</u></b>	
Charges for Services	<u>\$1,607,068</u>
<b><u>Operating Expenses:</u></b>	
Purchased Services	109,944
Claims	<u>1,251,754</u>
<i>Total Operating Expenses</i>	<u>1,361,698</u>
<i>Change in Net Assets</i>	245,370
<i>Net Assets at Beginning of Year</i>	<u>359,479</u>
<i>Net Assets at End of Year</i>	<u><u>\$604,849</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, 2011*

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	<u>Governmental Activities</u>
	<u>Internal Service</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Interfund Charges	\$1,607,068
Cash Payments for Goods and Services	(109,944)
Cash Payments for Claims	<u>(1,288,902)</u>
<i>Net Cash from Operating Activities</i>	<u>208,222</u>
<i>Net Increase in Cash and Cash Equivalents</i>	208,222
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>694,656</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$902,878</u></u>
<b><u>Reconciliation of Operating Income</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
Operating Income	\$245,370
<b><u>Adjustments to Reconcile Operating Income</u></b>	
<b><u>to Net Cash from Operating Activities:</u></b>	
<i>Decrease in Liabilities:</i>	
Claims Payable	<u>(37,148)</u>
Total Adjustments	<u>(37,148)</u>
<i>Net Cash from Operating Activities</i>	<u><u>\$208,222</u></u>

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2011*

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	Private Purpose Trust	Agency
	<u>          </u>	<u>          </u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$2,683	\$37,250
	<u>          </u>	<u>          </u>
<b><u>Liabilities:</u></b>		
Accounts Payable	138	0
Due to Students	0	37,250
	<u>          </u>	<u>          </u>
<i>Total Liabilities</i>	<u>138</u>	<u>37,250</u>
<b><u>Net Assets:</u></b>		
<i>Held in Trust for:</i>		
Other Individuals and Organizations	\$2,545	\$0
	<u>          </u>	<u>          </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, 2011*

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	<u>Private Purpose Trust</u>
<b><u>Additions:</u></b>	
Gifts and Donations	<u>\$2,712</u>
<i>Total Additions</i>	2,712
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreements	<u>2,063</u>
<i>Change in Net Assets</i>	649
<i>Net Assets at Beginning of Year</i>	<u>1,896</u>
<i>Net Assets at End of Year</i>	<u><u>\$2,545</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, 2011*

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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 105 certificated employees, 71 (including administrative) full-time and part-time employees who provide services to 1,713 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 20 and 21 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, 2011*

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

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



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

The following are the District's major governmental funds:

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

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

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

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

**Proprietary Fund**

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

**Fiduciary Funds**

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

**Fund Financial Statements**

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

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

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

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

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenses/Expenditures**

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

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

**E. Cash and Cash Equivalents**

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

During the fiscal year 2011, the District’s investments were limited to the Federal Securities and State Treasury Asset Reserve of Ohio (STAROhio). Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2011.

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 2011 amounted to \$46,067, which includes \$23,029 assigned from other District funds. The District also credited interest revenue of \$268,984 to the Building Fund.

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

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

**F. Inventory**

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Restricted Assets**

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

**I. Capital Assets**

General capital assets are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

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

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

**J. Interfund Balances**

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

**K. Compensated Absences**

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

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

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

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

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

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

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

**M. Net Assets**

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

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

**N. Fund Balance Reserves**

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

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

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

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

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

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

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

**O. Operating Revenues and Expenses**

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

**P. Interfund Transactions**

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence.

Special items are transactions or events that are within the control of the District administration and that are either unusual in nature or infrequent in occurrence. The District did not have any special items during fiscal year 2011.

**R. Estimates**

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

**S. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amount reported as the original budgeted amounts in the budgetary statement reflects the amounts in the certificate when the appropriations were adopted. The amount reported as the final budgeted amounts in the budgetary statement reflects the amounts in the final amended certificate issued during fiscal year 2011.

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, 2011*

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**NOTE 3 –CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES**

**Changes in Accounting Principles**

For fiscal year 2011, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, and GASB No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District’s financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in the School District’s financial statements.

**Restatement of Prior Year’s Fund Balances**

During 2011, it was determined that the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds as they were previously reported.

	<u>General</u>	<u>Nonmajor Governmental Fund</u>
Fund Balances, June 30, 2010	\$2,132,361	\$179,099
GASB 54 Change in Fund Structure	<u>22,053</u>	<u>(22,053)</u>
Adjusted Fund Balances, June 30, 2010	<u><u>\$2,154,414</u></u>	<u><u>\$157,046</u></u>



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**NOTE 4 - ACCOUNTABILITY**

The following funds had deficit fund balances as of June 30, 2011:

*Nonmajor Special Revenue Funds:*

Education Jobs	\$32,605
IDEA-B	10,087
Title I	141
Title II-A	8,450

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.

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	(\$485,398)
<i>Adjustments:</i>	
Revenue Accruals	(320,010)
Expenditure Accruals	(161,612)
Encumbrances	141,086
GAAP Basis	<u><u>(\$825,934)</u></u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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**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;
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.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

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, 2011, the carrying amount of all the District deposits was \$9,651,324 which includes \$860,976 of cash with fiscal agent. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2011, \$7,579,923 of the District's bank balance of \$8,671,923 was with securities held by the pledging financial institution's trust department or agent, but not in the District's name, while \$1,092,000 was covered by Federal Deposit Insurance in the manner described above.

**Investments:** The District had the following investments at June 30, 2011:

Investment Type	Fair Value	Maturity less than one year	Maturity one year to three years	Maturity three years to five years
STAROhio	\$192,196	\$192,196	\$0	\$0
Federal Home Loan Mortgage Corporation Notes	2,958,000	2,958,000	0	0
Federal Home Loan Bank Notes	4,700,000	0	3,750,000	950,000
Federal National Mortgage Association Notes	7,591,000	7,341,000	0	250,000
Federal Farm Credit Bank Discounts Notes	2,556,000	2,556,000	0	0
Total Fair Value	\$17,997,196	\$13,047,196	\$3,750,000	\$1,200,000

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

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

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy allows investments in eligible securities as described in the Ohio Revised Code. The District has invested 98.9% in government securities and 1.1% in STAR Ohio.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

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	\$27,648,520	\$0
<i>Investments:</i>		
STAR Ohio	(192,196)	192,196
Government Securities	(17,805,000)	17,805,000
GASB Statement No. 3	<u>\$9,651,324</u>	<u>\$17,997,196</u>

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property tax) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2009 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2010 are available to finance fiscal year 2010 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 2011 personal property tax settlement, delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which become measurable as of June 30, 2011. 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, 2011 was \$504,206 and is recognized as revenue in the General Fund and Bond Retirement Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$274,985,970	96.63%	\$274,636,900	86.15%
Public Utility Personal	9,256,980	3.25%	43,974,450	13.79%
Tangible Personal Property	321,870	0.12%	163,440	0.06%
Total Assessed Value	<u>\$284,564,820</u>	<u>100.00%</u>	<u>\$318,774,790</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$48.10		\$47.70	

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**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 \$3,496,497 was credited to the General Fund during fiscal year 2011.

**NOTE 9 - INTERFUND ACTIVITY**

A summary of interfund transfers for fiscal year 2011 are as follows:

Transfers From	Transfers To
	Other Governmental Funds
General Fund	\$20,000

The primary purpose of the transfer was to provide supplemental funding to support the programs accounted for in other funds.

**NOTE 10 - RECEIVABLES**

Receivables at June 30, 2011 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:	
<i>Nonmajor Special Revenue Funds:</i>	
Food Service	\$20
Education Jobs	13,228
Total	<u>13,248</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**NOTE 11 - CAPITAL ASSETS**

Capital asset governmental activity for the fiscal year ended June 30, 2011 was as follows:

<u>Asset Category</u>	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
<i>Nondepreciable Capital Assets:</i>				
Land	\$806,734	\$0	\$0	\$806,734
Construction in Progress	369,957	3,355,321	0	3,725,278
<i>Depreciable Capital Assets:</i>				
Land Improvements/Infrastructure	412,727	57,543	0	470,270
Buildings and Improvements	5,526,604	112,606	0	5,639,210
Furniture, Fixtures and Equipment	2,963,056	123,194	(7,161)	3,079,089
Vehicles	1,173,037	234,490	0	1,407,527
Library Books and Textbooks	243,567	0	0	243,567
Total Depreciable Capital Assets	10,318,991	527,833	(7,161)	10,839,663
Total Capital Assets	11,495,682	3,883,154	(7,161)	15,371,675
<i>Accumulated Depreciation:</i>				
Land Improvements/Infrastructure	(156,723)	(22,075)	0	(178,798)
Buildings and Improvements	(3,374,400)	(116,821)	0	(3,491,221)
Furniture, Fixtures and Equipment	(2,531,977)	(124,232)	7,161	(2,649,048)
Vehicles	(940,296)	(73,856)	0	(1,014,152)
Library Books and Textbooks	(243,567)	0	0	(243,567)
Total Accumulated Depreciation	(7,246,963)	(336,984)	7,161	(7,576,786)
Total Net Capital Assets	<u>\$4,248,719</u>	<u>\$3,546,170</u>	<u>\$0</u>	<u>\$7,794,889</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$113,612
Special	807
Vocational	524
<i>Support Services:</i>	
Pupils	7,368
Instructional Staff	3,747
Administration	4,892
Fiscal	350
Operation and Maintenance of Plant	90,693
Pupil Transportation	78,093
Operation of Non-Instructional Services	4,699
Extracurricular Activities	25,396
Capital Outlay	6,803
Total Depreciation Expense	<u>\$336,984</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 2011, the District contracted with Ohio Casualty for professional and general liability insurance, fleet insurance, and property insurance. Coverages provided are as follows:

Building and Contents (\$2,500 deductible)	\$23,550,680
Inland Marine Coverage (\$250 deductible)	50,000
<i>Automobile Liability:</i> (\$500 deductible for collision and \$250 comprehensive)	1,000,000
Each Accident	
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, 2011*

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

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

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

For fiscal year 2011, the District participated in the Sheakley Uniservice, Inc. Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 21). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

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

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

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

Premiums are paid to the South Central Ohio Insurance Consortium Fund from the Self Insurance Fund of the District. The cash balance with the fiscal agent at June 30, 2011, was \$860,976. Claims payments are made on an as-incurred basis by the third party administrator, with the balance of contributions remaining with the Fiscal Agent of the Consortium.

The member districts are self insured for medical, dental and pharmacy benefits. The risk for medical, dental and pharmacy benefits remains with the member districts. The claims payable will be reported for medical, dental and pharmacy claims as of June 30, 2011, and cash with fiscal agent for the balance of funds held by the Consortium that covers medical, dental and pharmacy claims will be reported.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

The claims liability of \$298,029 supported at June 30, 2011 is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2010	\$239,590	\$1,045,380	\$949,793	\$335,177
2011	335,177	1,251,754	1,288,902	298,029

**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 2011, 11.81 percent of the annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$261,816, \$345,397, and \$103,860, respectively; 44.44 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. \$145,455 representing the unpaid contribution for fiscal year 2011 is recorded as a liability on the statement of net assets.

**State Teachers Retirement System**

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

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

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

For fiscal year ended June 30, 2011, 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 2011, 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, 2011, 2010, and 2009 were \$963,785, \$890,654, and \$651,367, respectively; 84.36 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. \$150,744 representing the unpaid contribution for fiscal year 2011 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, 2011, no members of the Board of Education have elected Social Security.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

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

**Funding Policy** - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2011, 2010 and 2009. 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 District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$74,137, \$68,512 and \$50,105 respectively; 84.36 percent has been contributed for 2011, 100 percent has been contributed for years 2010 and 2009.

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

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

**The Medicare B plan** - reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40, SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is 0.76 %. Bloom Carroll Local School District's contributions for the years ended June 30, 2011, 2010 and 2009 were, \$2,359, \$2,876, \$1,108, respectively, which equaled the required contributions each year.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation is 1.43 percent. 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 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. Bloom Carroll Local School District's contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$78,099, \$59,474 and \$70,622, respectively.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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

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

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

**NOTE 15 - EMPLOYEE BENEFITS**

**Compensated Absences**

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

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

**Life Insurance**

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

**NOTE 16 - LONG-TERM LIABILITIES**

The changes in the District's long-term liabilities during fiscal year 2011 were as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>	<u>Amount Due in One Year</u>
<u>Governmental Activities:</u>							
School Improvement Bonds	2010	5.80%	\$26,500,000	\$0	\$990,000	\$25,510,000	\$795,000
Add Deferred Amounts:							
Issuance Premiums on Bonds			201,694	0	7,204	194,490	7,204
Compensated Absences			725,723	271,997	357,555	640,165	82,291
Total Governmental Activities Long-Term Liabilities			<u>\$27,427,417</u>	<u>\$271,997</u>	<u>\$1,354,759</u>	<u>\$26,344,655</u>	<u>\$884,495</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**NOTE 16 - LONG-TERM LIABILITIES** - (Continued)

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

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

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The District's voted legal debt margin was (\$3,179,731) with an unvoted debt margin of \$318,774 at June 30, 2011. The District was granted permission to exceed the voted debt limit of 9% of their total assessed valuation by the State Superintendent of Public Instruction and the Ohio Department of Taxation before issuing these bonds.

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2011 are as follows:

Year Ending June 30	Principal	Interest
2012	\$795,000	\$1,574,850
2013	815,000	1,574,850
2014	840,000	1,574,850
2015	865,000	1,574,850
2016	890,000	1,574,850
2017-2021	4,880,000	7,874,250
2022-2026	5,655,000	7,439,250
2027-2031	3,850,000	2,928,410
2032-2036	4,730,000	1,534,681
2037-2038	2,190,000	146,744
Total	<u>\$25,510,000</u>	<u>\$27,797,585</u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**NOTE 17 – FUND BALANCES**

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>					
Prepays	\$6,851	\$0	\$0	\$0	\$6,851
Endowment	0	0	0	10,000	10,000
<i>Restricted:</i>					
Set Asides	31,855	0	0	0	31,855
<i>Special Revenues:</i>					
Athletics	0	0	0	16,500	16,500
Food Service	0	0	0	38,513	38,513
Local Grants	0	0	0	2,830	2,830
State Grants	0	0	0	32,950	32,950
Federal Grants	0	0	0	4,712	4,712
Debt Services	0	620,669	0	0	620,669
Capital Projects	0	0	23,502,113	0	23,502,113
Endowment	0	0	0	13,305	13,305
<i>Assigned:</i>					
Encumbrances	141,086	0	0	0	141,086
Public School Support	21,013	0	0	0	21,013
Capital Projects	0	0	0	31,825	31,825
<i>Unassigned</i>	<u>1,127,675</u>	<u>0</u>	<u>0</u>	<u>(51,283)</u>	<u>1,076,392</u>
<b>Total Fund Balances</b>	<u><u>\$1,328,480</u></u>	<u><u>\$620,669</u></u>	<u><u>\$23,502,113</u></u>	<u><u>\$99,352</u></u>	<u><u>\$25,550,614</u></u>

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**NOTE 18 - STATUTORY SET-ASIDES**

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2011:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Totals</u>
Set-Aside Balance as of July 1, 2010	\$24,610	\$0	\$24,610
Current Year Set-Aside Requirement	257,763	257,763	515,526
Qualifying Disbursements	<u>(250,518)</u>	<u>(337,607)</u>	<u>(588,125)</u>
Total	<u>31,855</u>	<u>(79,844)</u>	<u>(47,989)</u>
Set-Aside Balance as of June 30, 2011	<u>\$31,855</u>	<u>\$0</u>	
Total Restricted Assets			<u>\$31,855</u>

Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from the existing law. This balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

A schedule of the restricted assets at June 30, 2011 follows:

Amount restricted for Textbooks is \$31,855.

**NOTE 19 – ENCUMBRANCE COMMITMENTS**

At June 30, 2011, the District had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$141,086
Building	2,964,475
<u>Nonmajor Funds</u>	
Food Service	3,465
Special Trust	1,128
Endowment	1,500
Public School Support	519
Athletics and Bands	4,058
Vocational Education	2,644
Total Nonmajor Funds	<u>13,314</u>
Total Encumbrances	<u>\$3,118,875</u>



**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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**NOTE 20 - 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 \$155,041 to MEC for services provided during fiscal year 2011. In accordance with GASB Statement No. 14, the District does not have any equity interest in MEC because the residual interest in the net resources of a joint venture upon dissolution is not equivalent to any equity interest.

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

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

**Central Ohio Special Education Regional Resource Center**

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

**NOTE 21 - INSURANCE PURCHASING POOL**

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

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

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

**NOTE 22 - 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, 2011.

**NOTE 23 – CONTRACTUAL COMMITMENTS**

As of June 30, 2011, the District had contractual purchase commitments for seventeen projects. The amount for each project is as follows:

<u>Contractor</u>	<u>Trade</u>	<u>Contract Amounts</u>	<u>Amounts Paid as of June 30, 2011</u>	<u>Amounts Remaining on Contracts</u>
Claypool Electric	New MS- Electric & Technology	\$2,594,000	\$0	\$2,594,000
Feldkamp Enterprises, Inc.	New MS- Plumbing	1,036,000	0	1,036,000
Gutridge Plumbing, Inc.	New MS- HVAC	2,972,000	0	2,972,000
Jackson & Sons Drilling & Pump, Inc.	MS Site- Geothermal Well Drilling	534,500	0	534,500
Kirk Bros. Masonry, Inc.	New MS- Masonry	3,134,400	0	3,134,400
Lepi Enterprises	HS Gym Floor Replacement	250,871	228,715	22,156
Louis R. Polster Company	New MS- Kitchen Equipment	369,000	0	369,000
M. Campbell Contracting	MS Site- Site Prep	2,035,670	421,561	1,614,109
Mark Allard Excavation	HS Field Turf Installation	683,200	45,538	637,662
Meade Construction, Inc.	New MS- Roofing	1,077,600	0	1,077,600
Ohio Steel Industries, Inc.	New MS- Structural Steel	1,112,000	0	1,112,000
S.A. Comunale Co., Inc.	New MS- Fire Protection	264,000	0	264,000
SHP Leading Design	Architect	1,353,558	1,107,289	246,269
Southern Cabinetry, Inc.	New MS- Casework	247,700	0	247,700
Stockmeister Enterprises, Inc.	New MS- General Trades	4,650,500	0	4,650,500
The Quandel Group	Construction Manager	1,497,000	376,080	1,120,920
Thompson Concrete Construction, Ltd.	New MS- Concrete	1,081,143	0	1,081,143
Total		<u>\$24,893,142</u>	<u>\$2,179,183</u>	<u>\$22,713,959</u>

**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Grant Award Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>				
<b><i>Passed Through Ohio Department of Education:</i></b>				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2011	10.555	\$ 28,803	\$ 28,803
Cash Assistance				
School Breakfast Program	2011	10.553	31,087	31,087
National School Lunch Program	2011	10.555	128,589	128,589
Total Nutrition Cluster			<u>188,479</u>	<u>188,479</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>188,479</u></b>	<b><u>188,479</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>				
<b><i>Passed Through Ohio Department of Education:</i></b>				
Title I Program:				
Title I Grants to Local Educational Agencies Program	2011	84.010	68,121	68,121
ARRA - Title I Grants to Local Educational Agencies Program	2010	84.389	-	11,288
Total Title I Program			<u>68,121</u>	<u>79,409</u>
Special Education Cluster:				
Special Education_Grants to States Program	2011	84.027	274,885	244,791
ARRA - Special Education_Grants to States Program	2010	84.391	(23,842)	-
	2011		301,926	301,926
Total Special Education Cluster			<u>552,969</u>	<u>546,717</u>
Education Technology State Grants Program				
	2010	84.318	-	755
	2011		230	230
Total Education Technology State Grants Program			<u>230</u>	<u>985</u>
Improving Teacher Quality State Grants Program	2011	84.367	47,483	47,483
ARRA - Fiscal Stabilization Program				
	2010	84.394	-	26,495
	2011		258,501	226,736
Total ARRA - Fiscal Stabilization Program			<u>258,501</u>	<u>253,231</u>
Education Jobs Fund Program	2011	84.410	131,572	141,800
<b>Total U.S. Department of Education</b>			<b><u>1,058,876</u></b>	<b><u>1,069,625</u></b>
<b>Totals</b>			<b><u>\$ 1,247,355</u></b>	<b><u>\$ 1,258,104</u></b>

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

**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C - FOOD DONATION PROGRAM**

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

**NOTE D - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amount from 2010 to 2011 program:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
ARRA - Special Education Grants to States Program	84.391	\$23,842



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2012, wherein we noted the District adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

### Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 11, 2012.

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



**Dave Yost**  
Auditor of State

January 11, 2012



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### Compliance

We have audited the compliance of Bloom Carroll Local School District, Fairfield County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Bloom Carroll Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control over Compliance

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

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

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

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



**Dave Yost**  
Auditor of State

January 11, 2012



**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

**BLOOM CARROLL LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-01	Financial statement adjustments.	No	Partially corrected. Reported in letter to management.



# Dave Yost • Auditor of State

**BLOOM CARROLL LOCAL SCHOOL DISTRICT**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 7, 2012**