



Dave Yost • Auditor of State

**BLOOM CARROLL LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
 Basic Financial Statements:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	19
Statement of Activities	20
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	21
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund.....	25
Statement of Net Position - Proprietary Fund.....	26
Statement of Revenues, Expenses and Change in Fund Net Position - Proprietary Fund.....	27
Statement of Cash Flows - Proprietary Fund	28
Statement of Fiduciary Net Position - Fiduciary Funds	29
Statement of Change in Fiduciary Net Position - Fiduciary Fund	30
Notes to the Basic Financial Statements	31
 Required Supplementary Information:	
Schedule of the District's Proportionate Share of Net Pension Liability.....	67
Schedule of the District's Contributions.....	68
Schedule of Federal Awards Receipts and Expenditures.....	69
Notes to the Schedule of Federal Awards Receipts and Expenditures	70

**BLOOM CARROLL LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	71
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance Required by OMB Circular A-133	73
Schedule of Findings.....	75



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Carroll Local School District, Fairfield County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 19, 2016

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BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

The discussion and analysis of the Bloom-Carroll Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2015. 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 liabilities and deferred inflows of the District exceeded its assets and deferred outflows at June 30, 2015 by \$9,760,939. Of this amount, \$7,019,868 represents the total amount of net position invested in capital assets and restricted for specific purposes, and the deficit balance of \$16,780,807 represents the District's unrestricted net position.
- ▶ In total, net position of governmental activities increased by \$2,037,233 which represents a 17.27 percent increase from 2014.
- ▶ General revenues accounted for \$16,957,725 or 80.01 percent of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$4,237,678 or 19.99 percent of total revenues of \$21,195,403.
- ▶ The District had \$19,158,170 in expenses related to governmental activities; only \$4,237,678 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$16,957,725 were used to provide for the remainder of these programs.
- ▶ The District recognizes two major governmental funds: the General and Bond Retirement Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$17,388,782 in revenues and \$16,717,868 in expenditures in fiscal year 2015.

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, 2015
(Unaudited)*

Reporting the District as a Whole

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the District's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items 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 18. 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 and Bond Retirement 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 objectives. 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, 2015

(Unaudited)

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the District's net position of 2015 compared to fiscal year 2014:

Table 1
Net Position at Year End

	<u>Governmental Activities</u>	
	2015	Restated 2014
<u>Assets:</u>		
Current and Other Assets	\$15,761,456	\$14,434,793
Capital Assets, Net	29,410,845	29,851,329
<i>Total Assets</i>	<u>45,172,301</u>	<u>44,286,122</u>
<u>Deferred Outflows of Resources:</u>		
Deferred Charge on Refunding	84,660	88,341
Pension	1,568,295	1,179,803
<i>Total Deferred Outflows of Resources</i>	<u>1,652,955</u>	<u>1,268,144</u>
<u>Liabilities:</u>		
Current and Other Liabilities	2,545,547	2,246,793
Long-Term Liabilities:		
Due Within One Year	1,074,055	1,146,145
Due in More Than One Year:		
Net Pension Liability	19,728,767	23,435,089
Other Amounts	22,441,470	23,400,776
<i>Total Liabilities</i>	<u>45,789,839</u>	<u>50,228,803</u>
<u>Deferred Inflows of Resources:</u>		
Property Taxes	7,238,625	7,123,635
Pension	3,557,731	0
<i>Total Deferred Inflows of Resources</i>	<u>10,796,356</u>	<u>7,123,635</u>
<u>Net Position:</u>		
Net Investment in Capital Assets	6,443,755	5,952,656
Restricted	576,113	527,805
Unrestricted	(16,780,807)	(18,278,633)
<i>Total Net Position</i>	<u>(\$9,760,939)</u>	<u>(\$11,798,172)</u>

During 2015, the District adopted GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, "which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net pension and subtracting deferred outflows related to pension. Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

Under the new standards required by GASB Statement No. 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligation, whether funded or unfunded, are part of the "employment exchange"- that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer the employee, because all parties enter the employment exchange with notice as to law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB Statement No. 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position of June 30, 2014, from \$10,457,114 to a deficit of \$11,798,172.

Current and other assets increased \$1,326,663 in fiscal year 2015 due to an increase in cash and cash equivalents held by the District. Capital assets decreased by \$440,484 as a result of depreciation exceeding capital outlay in the current period.

Current (other) liabilities increased by \$298,754 primarily due to increases in claims payable.

Long-term liabilities decreased by \$4,737,718 or 9.87 percent as the result of a decrease in net pension liability.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

The District's largest portion of net position is related to amounts included as net investment in capital assets. The District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The District's smallest portion of net position is unrestricted, and carries a deficit balance of \$16,780,807.

The remaining balance of \$576,113 is restricted assets. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2015 and provides a comparison to fiscal year 2014.

Table 2
Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>Restated 2014</u>
<u>Revenues:</u>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$2,211,680	\$1,936,656
Operating Grants and Contributions	2,025,998	1,466,325
Capital Grants and Contributions	0	542,926
<i>General Revenues:</i>		
Property Taxes	7,923,195	8,146,826
Income Taxes	4,301,823	4,106,775
Unrestricted Grants and Entitlements	4,614,825	4,256,659
Investment Earnings	16,309	19,720
Miscellaneous	101,573	172,797
<i>Total Revenues</i>	<u>21,195,403</u>	<u>20,648,684</u>

(Continued)

BLOOM-CARROLL LOCAL SCHOOL DISTRICT*Management's Discussion and Analysis**For the Fiscal Year Ended June 30, 2015**(Unaudited)*

Table 2
Changes in Net Position (Continued)

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>Restated 2014</u>
<u>Expenses:</u>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	6,730,024	7,006,323
Special	1,971,995	1,831,818
Vocational	174,104	157,714
Student Intervention Services	119,184	116,365
Other	741,730	661,190
<i>Support Services:</i>		
Pupils	825,280	777,281
Instructional Staff	795,159	583,690
Board of Education	161,884	202,705
Administration	1,700,650	1,855,563
Fiscal	338,047	322,211
Operation and Maintenance of Plant	1,585,872	1,529,638
Pupil Transportation	1,154,286	1,016,820
Central	210,890	183,513
<i>Operation of Non-Instructional Services:</i>		
Food Services	605,056	630,145
Community Services	1,500	1,500
Extracurricular Activities	816,202	650,618
<i>Debt Service:</i>		
Interest and Fiscal Charges	1,226,307	1,228,878
<i>Total Expenses</i>	<u>19,158,170</u>	<u>18,755,972</u>
<i>Change in Net Position Before Special Item</i>	2,037,233	1,892,712
<i>Special Item</i>	<u>0</u>	<u>4,408</u>
<i>Change in Net Position</i>	2,037,233	1,897,120
Net Position - Beginning of Year, As Restated	<u>(11,798,172)</u>	<u>N/A</u>
Net Position - End of Year	<u><u>(\$9,760,939)</u></u>	<u><u>(\$11,798,172)</u></u>

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB Statement No. 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,179,803 computed under GASB Statement No. 27. GASB Statement No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB Statement No. 68, pension expense represents additional amounts earned, adjusted by deferred inflows/ outflows. The contractually required contribution is no longer a component of pension expense. Under GASB Statement No. 68, the 2015 statements report pension expense of \$845,810. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB Statement No. 68	\$19,158,170
Pension expense under GASB Statement No. 68	(845,810)
2015 contractually required contribution	1,382,894
Adjusted 2015 program expenses	<u>19,695,254</u>
Total 2014 program expenses under GASB Statement No. 27	18,755,972
Increase in program expenses not related to pension	<u><u>\$939,282</u></u>

The most significant program expenses for the District are Regular Instruction, Special Instruction, Administration, Operation and Maintenance of Plant, Interest and Fiscal Charges, and Pupil Transportation. These programs account for 75.00 percent of the total governmental activities. Regular Instruction, which accounts for 35.13 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 10.29 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Administration, which represents 8.88 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 8.28 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Interest and Fiscal Charges, which accounts for 6.40 percent of the total, represents costs associated with interest and fees related to long term debt. Pupil Transportation, which represents 6.02 percent of the total, represents costs associated with providing transportation services for students between home and school and to school activities.

The majority of the funding for the most significant programs indicated above is from property taxes, operating grants and contributions, and grants and entitlements not restricted for specific programs. Property taxes, grants and entitlements not restricted for specific programs and income taxes account for 79.45 percent of total revenues.

As noted previously, the net position for the governmental activities increased \$2,037,233 or 17.27 percent. This is a change from last year when net position increased \$1,897,120 or 22.16 percent. Total revenues increased \$546,719 or 2.65 percent from last year and expenses increased \$402,198 or 2.14 percent from last year.

The District had program revenue increases of \$291,771, as well as increases in general revenues of \$254,948. The increase in program revenue is primarily due to an increase in operating grants and contributions. The increase in general revenue is primarily due to an increase in unrestricted grants and entitlements.

The total expenses for governmental activities increased primarily as a result of increases in Special Instruction, Instructional Staff, Pupil Transportation and Extracurricular Activities expense. These increases are the results of changes in expense classification for employees, increased fuel costs, and increases in supplemental contracts.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

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 37.38 percent, income taxes made up 20.30 percent, and intergovernmental revenue made up 31.33 percent of the total revenue for our governmental activities in fiscal year 2015.

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 was reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District voters approved an income tax levy of 0.75 percent in fiscal year 1997 and it is a continuing tax. The voters of the District approved an additional income tax levy of 0.50 percent in fiscal year 2006. These levies generated approximately \$4,300,000 in revenue for general operations for fiscal year 2015.

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 2015, the District received \$3,934,992 through the State's foundation program, which represents 18.57 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 50.82 percent of governmental activities program expenses. Support services expenses make up 35.35 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 2015 compared with fiscal year 2014. That is, it identifies the net cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

Net Cost of Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
<i>Program Expenses:</i>				
Instruction	\$9,737,037	\$7,365,263	\$9,773,410	\$6,783,286
Support Services	6,772,068	5,899,106	6,471,421	6,281,701
Operation of Non-Instructional Services	606,556	(8,750)	631,645	42,496
Extracurricular Activities	816,202	438,566	650,618	473,704
<i>Debt Service:</i>				
Interest and Fiscal Charges	<u>1,226,307</u>	<u>1,226,307</u>	<u>1,228,878</u>	<u>1,228,878</u>
Total Expenses	<u>\$19,158,170</u>	<u>\$14,920,492</u>	<u>\$18,755,972</u>	<u>\$14,810,065</u>

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

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 \$21,469,095, and expenditures and other financing uses of \$20,691,992.

Total governmental funds fund balance increased by \$777,103. The increase in fund balance for the year was most significant in the General Fund, an increase of \$604,948, reflecting an increase in revenues that exceeded the increase in expenditures.

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 2015, the District amended its General Fund budget one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management.

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

For the General Fund, the final budget basis revenue was \$16,777,154 representing no change from the original budget estimates. The actual budget basis revenues were \$17,181,979 representing a \$404,825 positive variance over the final budgeted amount. For the General Fund, the final budget basis expenditures were \$17,073,076 representing an increase of \$507,417 from the original budget estimates of \$16,565,659. The actual budget basis expenditures were \$16,797,756 representing a \$275,320 positive variance over the final budgeted amount.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the District had \$36.5 million invested in land, land improvements/infrastructure, buildings and improvements, furniture, fixtures, and equipment, and vehicles, of which all was in governmental activities. That total carries an accumulated depreciation of \$7.1 million. Table 4 shows fiscal year 2015 balances compared to fiscal year 2014.

Table 4
Capital Assets & Accumulated Depreciation at Year End

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
<i>Nondepreciable Capital Assets:</i>		
Land	\$806,734	\$806,734
<i>Depreciable Capital Assets:</i>		
Land Improvements/Infrastructure	5,596,014	5,584,013
Buildings and Improvements	20,258,598	20,213,941
Furniture, Fixtures and Equipment	8,053,669	7,892,981
Vehicles	<u>1,769,670</u>	<u>1,708,510</u>
Total Capital Assets	<u>36,484,685</u>	<u>36,206,179</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements/Infrastructure	(633,306)	(490,289)
Buildings and Improvements	(2,471,495)	(2,054,494)
Furniture, Fixtures and Equipment	(3,145,877)	(2,892,232)
Vehicles	<u>(823,162)</u>	<u>(917,835)</u>
Total Accumulated Depreciation	<u>(7,073,840)</u>	<u>(6,354,850)</u>
Capital Assets, Net	<u>\$29,410,845</u>	<u>\$29,851,329</u>

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

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

Debt Administration

At June 30, 2015, the District had \$22.6 million in general obligation debt outstanding with \$945,000 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2015 compared to fiscal year 2014.

Table 5
Outstanding Debt, Governmental Activities at Year End

<u>Purpose</u>	<u>2015</u>	<u>2014</u>
2010 School Improvements Bonds	\$11,425,000	\$12,290,000
2012 Energy Conservation Bonds	465,000	490,000
2013 General Obligation Refunding Bonds	<u>10,731,876</u>	<u>10,741,943</u>
Total	<u>\$22,621,876</u>	<u>\$23,521,943</u>

Detailed information pertaining to the District's long-term debt activity can be found in Note 14 to the basic financial statements.

Current Issues

Bloom-Carroll Local School District is considered a wealthy district according to the State of Ohio's property valuation per pupil formula. The new funding formula contained within the State biennial budget is estimated to provide an increase of 7.5% in Fiscal Year 2016 and 7.5% increase in Fiscal Year 2017 of State funds for Bloom-Carroll. This helps the District's financial outlook, however, as indicated in the preceding financial information; the District is heavily dependent on local taxes due to the property valuation per pupil wealth index. Nearly one-quarter of the District's funding is received through the State's foundation program, which along with taxes and other various grants and entitlements makes up 90 percent of the District's revenue. The District relies on state and federal funding to operate at the current level of services. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation.

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

Residential growth has not eluded the District although it has slowed over the past two years. Increasing numbers of housing developments are being approved by the townships. The new developments are attracting young families to the area as evidenced by the residential permits issued in the townships. The District's enrollment has increased by an average of 2.72% per year since the 2009-10 school year. Residential/agricultural property contributes 89% of the District's real estate valuation.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)*

In April 2010, general obligation bonds at 5.80% interest were issued in the amount of \$26,500,000, as a result of the District being approved for school facilities funding through the State Department of Education for the construction of a new grades 5-8 middle school building. The construction began in March, 2011 and the new building opened on January 14, 2013. The District is participating in the Expedited Local Partnership Program (ELPP) through the Ohio Schools Facilities Commission. The District is scheduled to receive an 18% match on the qualifying expenditures from the Middle School Construction. Phase two of the construction project, along with a Permanent Improvement levy, are currently being discussed.

Contacting the District's Financial Management

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

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BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$3,355,411
Cash and Cash Equivalents with Fiscal Agent	2,531,136
Property Taxes Receivable	8,218,329
Accounts Receivable	1,083
Prepaid Items	11,466
Income Taxes Receivable	1,634,994
Materials and Supplies Inventory	9,037
Nondepreciable Capital Assets	806,734
Depreciable Capital Assets, Net	<u>28,604,111</u>
<i>Total Assets</i>	<u>45,172,301</u>
<u>Deferred Outflows of Resources:</u>	
Deferred Charge on Refunding	84,660
Pension	<u>1,568,295</u>
<i>Total Deferred Outflows of Resources</i>	<u>1,652,955</u>
<u>Liabilities:</u>	
Accounts Payable	141,304
Accrued Wages and Benefits	1,571,172
Intergovernmental Payable	408,685
Accrued Interest Payable	68,061
Matured Compensated Absences Payable	53,738
Claims Payable	302,587
<i>Long-Term Liabilities:</i>	
Due within One Year	1,074,055
<i>Due in More Than One Year:</i>	
Net Pension Liability	19,728,767
Other Amounts Due in More Than One Year	<u>22,441,470</u>
<i>Total Liabilities</i>	<u>45,789,839</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes	7,238,625
Pension	<u>3,557,731</u>
<i>Total Deferred Inflows of Resources</i>	<u>10,796,356</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	6,443,755
<i>Restricted for:</i>	
Debt Service	523,236
Capital Outlay	6,699
Expendable	13,945
Nonexpendable	10,000
Other Purposes	22,233
Unrestricted	<u>(16,780,807)</u>
<i>Total Net Position</i>	<u><u>(\$9,760,939)</u></u>

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
<u>Expenses</u>				
<u>Governmental Activities:</u>				
<i>Instruction:</i>				
Regular	\$6,730,024	\$1,444,792	\$196,659	(\$5,088,573)
Special	1,971,995	0	709,789	(1,262,206)
Vocational	174,104	0	20,534	(153,570)
Student Intervention Services	119,184	0	0	(119,184)
Other	741,730	0	0	(741,730)
<i>Support Services:</i>				
Pupils	825,280	0	102,831	(722,449)
Instructional Staff	795,159	0	164,025	(631,134)
Board of Education	161,884	0	0	(161,884)
Administration	1,700,650	0	10,069	(1,690,581)
Fiscal	338,047	0	0	(338,047)
Operation and Maintenance of Plant	1,585,872	2,240	17,820	(1,565,812)
Pupil Transportation	1,154,286	0	575,977	(578,309)
Central	210,890	0	0	(210,890)
<i>Operation of Non-Instructional Services:</i>				
Food Services	605,056	404,510	206,506	5,960
Community Services	1,500	4,290	0	2,790
Extracurricular Activities	816,202	355,848	21,788	(438,566)
<i>Debt Service:</i>				
Interest and Fiscal Charges	1,226,307	0	0	(1,226,307)
Total Governmental Activities	\$19,158,170	\$2,211,680	\$2,025,998	(\$14,920,492)
 <u>General Revenues:</u>				
<i>Property Taxes Levied for:</i>				
General Purposes				6,582,927
Debt Service				1,340,268
<i>Income Taxes Levied for:</i>				
General Purposes				4,301,823
Grants and Entitlements not Restricted to Specific Programs				4,614,825
Investment Earnings				16,309
Miscellaneous				101,573
Total General Revenues				16,957,725
Change in Net Position				2,037,233
<i>Net Position at Beginning of Year, As Restated</i>				(11,798,172)
<i>Net Position at End of Year</i>				(\$9,760,939)

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Balance Sheet
Governmental Funds
June 30, 2015*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,645,781	\$499,179	\$171,999	\$3,316,959
Property Taxes Receivable	6,768,160	1,450,169	0	8,218,329
Income Taxes Receivable	1,634,994	0	0	1,634,994
Accounts Receivable	510	0	573	1,083
Prepaid Items	11,466	0	0	11,466
Materials and Supplies Inventory	0	0	9,037	9,037
<i>Total Assets</i>	<u>\$11,060,911</u>	<u>\$1,949,348</u>	<u>\$181,609</u>	<u>\$13,191,868</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$128,194	\$0	\$13,110	\$141,304
Accrued Wages and Benefits	1,451,372	0	119,800	1,571,172
Intergovernmental Payable	395,116	0	13,569	408,685
Matured Compensated Absences Payable	53,738	0	0	53,738
<i>Total Liabilities</i>	<u>2,028,420</u>	<u>0</u>	<u>146,479</u>	<u>2,174,899</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes	<u>6,279,878</u>	<u>1,332,907</u>	<u>0</u>	<u>7,612,785</u>
<i>Total Deferred Inflows of Resources</i>	<u>6,279,878</u>	<u>1,332,907</u>	<u>0</u>	<u>7,612,785</u>
<u>Fund Balances:</u>				
Nonspendable	11,466	0	19,037	30,503
Restricted	0	616,441	115,836	732,277
Assigned	195,716	0	6,699	202,415
Unassigned (Deficit)	2,545,431	0	(106,442)	2,438,989
<i>Total Fund Balances</i>	<u>2,752,613</u>	<u>616,441</u>	<u>35,130</u>	<u>3,404,184</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,060,911</u>	<u>\$1,949,348</u>	<u>\$181,609</u>	<u>\$13,191,868</u>

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2015*

Total Governmental Funds Balances \$3,404,184

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 29,410,845

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 374,160

Unamortized deferred charges from the issuance of refunding bonds represent deferred charges which do not provide current financial resources and are therefore not reported in the funds. 84,660

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	(22,570,000)	
Capital Appreciation bonds	(26,732)	
Accretion on capital appreciation bonds	(25,144)	
Premium on bonds	(455,018)	
Accrued interest	(68,061)	
Compensated absences	<u>(438,631)</u>	
Total liabilities that are not reported in the funds		(23,583,586)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:

Deferred Outflows - Pension	1,568,295	
Deferred Inflows - Pension	(3,557,731)	
Net Pension Liability	<u>(19,728,767)</u>	
Total		(21,718,203)

An internal service fund is used by management to charge the costs of insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 2,267,001

Net Position of Governmental Activities (\$9,760,939)

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, 2015

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$6,685,684	\$1,443,663	\$0	\$8,129,347
Income Taxes	4,301,823	0	0	4,301,823
Intergovernmental	4,802,505	877,000	938,735	6,618,240
Interest	16,216	0	93	16,309
Tuition and Fees	1,444,792	0	0	1,444,792
Extracurricular Activities	33,218	0	322,630	355,848
Charges for Services	871	0	406,750	407,621
Gifts and Donations	7,063	0	19,810	26,873
Miscellaneous	96,610	125	3,967	100,702
<i>Total Revenues</i>	<u>17,388,782</u>	<u>2,320,788</u>	<u>1,691,985</u>	<u>21,401,555</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	6,274,324	0	79,428	6,353,752
Special	1,779,934	0	268,398	2,048,332
Vocational	208,422	0	0	208,422
Student Intervention Services	127,122	0	0	127,122
Other	741,730	0	0	741,730
<i>Support Services:</i>				
Pupils	764,644	0	111,281	875,925
Instructional Staff	695,783	0	169,689	865,472
Board of Education	163,093	0	0	163,093
Administration	1,788,555	29,271	10,000	1,827,826
Fiscal	354,593	0	0	354,593
Operation and Maintenance of Plant	1,669,120	0	7,000	1,676,120
Pupil Transportation	1,393,735	0	0	1,393,735
Central	217,698	0	0	217,698
<i>Operation of Non-Instructional Services:</i>				
Food Service Operations	0	0	634,175	634,175
Community Services	0	0	1,500	1,500
Extracurricular Activities	539,115	0	293,666	832,781
Capital Outlay	0	0	156,701	156,701
<i>Debt Service:</i>				
Principal Retirement	0	915,000	0	915,000
Interest and Fiscal Charges	0	1,232,049	0	1,232,049
<i>Total Expenditures</i>	<u>16,717,868</u>	<u>2,176,320</u>	<u>1,731,838</u>	<u>20,626,026</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>670,914</u>	<u>144,468</u>	<u>(39,853)</u>	<u>775,529</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from the Sale of Capital Assets	0	0	1,574	1,574
Transfers In	0	41,966	24,000	65,966
Transfers Out	(65,966)	0	0	(65,966)
<i>Total Other Financing Sources (Uses)</i>	<u>(65,966)</u>	<u>41,966</u>	<u>25,574</u>	<u>1,574</u>
<i>Net Change in Fund Balances</i>	604,948	186,434	(14,279)	777,103
<i>Fund Balances at Beginning of Year</i>	<u>2,147,665</u>	<u>430,007</u>	<u>49,409</u>	<u>2,627,081</u>
<i>Fund Balances at End of Year</i>	<u>\$2,752,613</u>	<u>\$616,441</u>	<u>\$35,130</u>	<u>\$3,404,184</u>

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds \$777,103

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (428,624)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (11,860)

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 (206,152)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position 915,000

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

Accrued interest	4,092
Amortization of premium on bonds	20,264
Accretion on capital appreciation bonds	(14,933)
Amortization of refunding bonds deferred charges	(3,681)
	(3,681)

Total 5,742

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 111,064

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred inflows of resources. 1,382,894

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (845,810)

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. 337,876

Change in Net Position of Governmental Activities \$2,037,233

See accompanying notes to the basic financial statements and accountant's report.

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, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$6,426,928	\$6,426,928	\$6,590,083	\$163,155
Income Taxes	4,063,331	4,063,331	4,212,896	149,565
Intergovernmental	4,852,795	4,852,795	4,811,018	(41,777)
Interest	30,000	30,000	17,641	(12,359)
Tuition and Fees	1,342,000	1,342,000	1,445,326	103,326
Rentals	2,500	2,500	871	(1,629)
Miscellaneous	59,600	59,600	104,144	44,544
<i>Total Revenues</i>	16,777,154	16,777,154	17,181,979	404,825
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	6,430,166	6,481,281	6,353,330	127,951
Special	1,683,398	1,713,627	1,779,681	(66,054)
Vocational	205,737	206,437	201,075	5,362
Other	861,696	935,856	859,940	75,916
<i>Support Services:</i>				
Pupils	737,501	766,886	767,669	(783)
Instructional Staff	626,366	652,922	694,275	(41,353)
Board of Education	115,014	182,416	161,777	20,639
Administration	1,879,903	1,912,984	1,789,073	123,911
Fiscal	342,419	345,914	345,118	796
Operation and Maintenance of Plant	1,562,653	1,719,866	1,695,529	24,337
Pupil Transportation	1,422,418	1,449,599	1,435,467	14,132
Central	180,041	186,941	215,725	(28,784)
Extracurricular Activities	518,347	518,347	499,097	19,250
<i>Total Expenditures</i>	16,565,659	17,073,076	16,797,756	275,320
<i>Excess of Revenues Over (Under) Expenditures</i>	211,495	(295,922)	384,223	680,145
<u>Other Financing Uses:</u>				
Transfers Out	(42,668)	(42,668)	(65,966)	(23,298)
<i>Total Other Financing Uses</i>	(42,668)	(42,668)	(65,966)	(23,298)
<i>Excess of Revenues Over/ (Under) Expenditures and Other Financing Uses</i>	168,827	(338,590)	318,257	656,847
<i>Fund Balance at Beginning of Year</i>	2,067,937	2,067,937	2,067,937	0
<i>Prior Year Encumbrances Appropriated</i>	63,076	63,076	63,076	0
<i>Fund Balance at End of Year</i>	\$2,299,840	\$1,792,423	\$2,449,270	\$656,847

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Net Position

Proprietary Fund

June 30, 2015

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>Assets:</u>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$38,452
Cash and Cash Equivalents with Fiscal Agent	<u>2,531,136</u>
<i>Total Current Assets</i>	<u>2,569,588</u>
<u>Liabilities:</u>	
<i>Current Liabilities:</i>	
Claims Payable	<u>302,587</u>
<u>Net Position:</u>	
Unrestricted	<u><u>\$2,267,001</u></u>

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

*Statement of Revenues,
Expenses and Change in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015*

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>Operating Revenues:</u>	
Charges for Services	<u>\$2,259,432</u>
<u>Operating Expenses:</u>	
Purchased Services	145,034
Claims	<u>1,776,522</u>
<i>Total Operating Expenses</i>	<u>1,921,556</u>
<i>Change in Net Position</i>	337,876
<i>Net Position at Beginning of Year</i>	<u>1,929,125</u>
<i>Net Position at End of Year</i>	<u><u>\$2,267,001</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, 2015

	<u>Governmental Activities Internal Service</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Charges	\$2,259,432
Cash Payments for Goods and Services	(145,034)
Cash Payments for Claims	<u>(1,534,356)</u>
<i>Net Cash from Operating Activities</i>	<u>580,042</u>
<i>Net Increase in Cash and Cash Equivalents</i>	580,042
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>1,989,546</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$2,569,588</u></u>
<u>Reconciliation of Operating Income to Net Cash from Operating Activities:</u>	
Operating Income	\$337,876
<u>Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:</u>	
<i>Increase in Liabilities:</i>	
Claims Payable	<u>242,166</u>
Total Adjustments	<u>242,166</u>
<i>Net Cash from Operating Activities</i>	<u><u>\$580,042</u></u>

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2015

	<u>Private Purpose Trust</u>	<u>Agency</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$1,579	\$72,970
<u>Liabilities:</u>		
Due to Students	0	72,614
Undistributed Monies	0	356
<i>Total Liabilities</i>	<u>0</u>	<u>\$72,970</u>
<u>Net Position:</u>		
<i>Held in Trust for:</i>		
Other Individuals and Organizations	<u>\$1,579</u>	

See accompanying notes to the basic financial statements.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Statement of Change in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2015

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Gifts and Donations	\$1,781
<u>Deductions:</u>	
Payments in Accordance with Trust Agreements	<u>1,467</u>
<i>Change in Net Position</i>	314
<i>Net Position at Beginning of Year</i>	<u>1,265</u>
<i>Net Position at End of Year</i>	<u><u>\$1,579</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, 2015

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

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

The District is located in Fairfield County, within portions of Bloom Township and Greenfield Township, and the Village of Carroll and Lithopolis, Ohio. It is staffed by 112 certificated employees, 209 (including administrative) full-time and part-time employees who provide services to 1,900 students in grades K through 12 and various community groups, which ranks it 136 out of approximately 881 public and community school districts in Ohio. The District currently operates 4 instructional buildings.

Reporting Entity

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

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

The District is associated with four organizations, three of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are the Metropolitan Educational Technology Association, the South Central Ohio Insurance Consortium, The State Support Team Region 11 and the Sheakley Uniservice, Inc. Worker's Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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, 2015

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and 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 a 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 deferred outflows and liabilities and deferred inflows is reported as fund balance.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

The following are the District's major governmental funds:

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

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

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

Proprietary Fund

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

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

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

In addition to the liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 12).

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 2015, 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, 2015.

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 2015 amounted to \$16,216, which includes \$8,856 assigned from other District funds.

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

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, 2015

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, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Restricted Assets

Net position is reported as restricted when there are limitations imposed on its 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 capital improvements. See Note 16 for additional information regarding set-asides.

I. Capital Assets

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

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

All reported capital assets, except land, 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:

Description	Estimated Lives
Land Improvements/Infrastructure	20 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	10 years

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

J. Interfund Balances

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

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

L. 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.

M. Accrued Liabilities and Long-Term Liabilities

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

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

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

N. Net Position

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

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

O. 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.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

P. 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.

Q. 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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The District did not have any extraordinary items during fiscal year 2015.

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 2015.

S. 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.

T. 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 2015.

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, 2015

NOTE 3 - RESTATEMENT OF NET POSITION

For fiscal year 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions," GASB Statement No. 69, "Government Combinations and Disposals of Government Operations", GASB Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees, and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of GASB Statements No. 68 and 71 had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	\$10,457,114
<i>Adjustments:</i>	
Net Pension Liability	(23,435,089)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>1,179,803</u>
Restated Net Position June 30, 2014	<u><u>(\$11,798,172)</u></u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

The implementation of GASB Statements Nos. 69 and 70 had no effect on their prior period fund balances of the District.

NOTE 4 - ACCOUNTABILITY

The following funds had deficit fund balances as of June 30, 2015:

Nonmajor Special Revenue Funds:

Food Service	\$67,364
Straight A Grant	263
Title I	13,679
Title II-A	3,713
IDEA-B	21,423

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

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance.
4. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

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	\$318,257
<i>Adjustments:</i>	
Revenue Accruals	165,361
Expenditure Accruals	(47,499)
Encumbrances	166,771
<i>Perspective Difference:</i>	
Activity of Funds Reclassified For GAAP Reporting Purposes	<u>2,058</u>
GAAP Basis	<u><u>\$604,948</u></u>

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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, 2015

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, 2015, the carrying amount of all the District deposits was \$3,576,730 which includes \$2,531,136 of cash with fiscal agent. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2015, \$2,435,959 of the District's bank balance of \$3,429,959 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name, while \$994,000 was covered by Federal Deposit Insurance in the manner described above.

Investments: The District had the following investments at June 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>	<u>Maturity Three Years to Five Years</u>
STAROhio	\$2,175,366	\$2,175,366	\$0
Federal Home Loan Bank Notes	209,000	0	209,000
Total Investments	<u>\$2,384,366</u>	<u>\$2,175,366</u>	<u>\$209,000</u>

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits 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 'AAA' by Standard & Poor's. Investments in all government securities were rated 'AAA' by Standard and Poor's.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy allows investments in eligible securities as described in the Ohio Revised Code. The District has invested 9% in government securities and 91% in STAR Ohio.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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	\$5,961,096	\$0
<i>Investments:</i>		
STAR Ohio	(2,175,366)	2,175,366
Government Securities	(209,000)	209,000
GASB Statement No. 3	<u>\$3,576,730</u>	<u>\$2,384,366</u>

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, 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 year 2015 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected in 2015 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, 2015

NOTE 7 - PROPERTY TAXES – (Continued)

The District receives property taxes from Fairfield County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015 are available to finance fiscal year 2015 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 2015 delinquent taxes outstanding and real property, and public utility taxes which become measurable as of June 30, 2015. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2015 was \$605,544 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 2015 taxes were collected are:

	2014 Second - Half Collections		2015 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$292,100,600	90.14%	\$292,464,150	89.49%
Public Utility Personal	31,962,040	9.86%	34,357,300	10.51%
Total Assessed Value	<u>\$324,062,640</u>	<u>100.00%</u>	<u>\$326,821,450</u>	<u>100.00%</u>
Total rate per \$1,000 of assessed valuation	\$52.22		\$52.22	

NOTE 8- INCOME TAXES

The District levies a voted tax of 1.25 percent for general operations on the income of residents. The District had a 0.75 percent tax that was effective on January 1, 1998 and is a continuing tax. In November 2005, the voters of the District passed an additional income tax levy of 0.50 percent that became effective January 1, 2006. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of \$4,301,823 was credited to the General Fund during fiscal year 2015.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 9 - RECEIVABLES

Receivables at June 30, 2015 consisted of property taxes, income taxes and accounts (student fees). 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 accounts receivables follows:

<u>Governmental Activities:</u>	
General Fund	\$510
<i>Nonmajor Special Revenue Funds:</i>	
District Managed Activities	<u>573</u>
Total	<u><u>\$1,083</u></u>

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BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 10 - CAPITAL ASSETS

Capital asset governmental activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
<i>Nondepreciable Capital Assets:</i>				
Land	<u>\$806,734</u>	<u>\$0</u>	<u>\$0</u>	<u>\$806,734</u>
Total Nondepreciable Capital Assets	<u>806,734</u>	<u>0</u>	<u>0</u>	<u>806,734</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements/Infrastructure	5,584,013	12,001	0	5,596,014
Buildings and Improvements	20,213,941	44,657	0	20,258,598
Furniture, Fixtures and Equipment	7,892,981	167,626	(6,938)	8,053,669
Vehicles	<u>1,708,510</u>	<u>253,305</u>	<u>(192,145)</u>	<u>1,769,670</u>
Total Depreciable Capital Assets	<u>35,399,445</u>	<u>477,589</u>	<u>(199,083)</u>	<u>35,677,951</u>
Total Capital Assets	<u>36,206,179</u>	<u>477,589</u>	<u>(199,083)</u>	<u>36,484,685</u>
<i>Accumulated Depreciation:</i>				
Land Improvements/Infrastructure	(490,289)	(143,017)	0	(633,306)
Buildings and Improvements	(2,054,494)	(417,001)	0	(2,471,495)
Furniture, Fixtures and Equipment	(2,892,232)	(259,868)	6,223	(3,145,877)
Vehicles	<u>(917,835)</u>	<u>(86,327)</u>	<u>181,000</u>	<u>(823,162)</u>
Total Accumulated Depreciation	<u>(6,354,850)</u>	<u>(906,213)</u>	<u>187,223</u>	<u>(7,073,840)</u>
Total Net Capital Assets	<u>\$29,851,329</u>	<u>(\$428,624)</u>	<u>(\$11,860)</u>	<u>\$29,410,845</u>

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$710,609
Special	1,300
Vocational	274
<i>Support Services:</i>	
Pupils	4,332
Instructional Staff	12,456
Board of Education	170
Administration	1,605
Fiscal	144
Operation and Maintenance of Plant	71,471
Pupil Transportation	86,475
Operation of Non-Instructional Services	4,979
Extracurricular Activities	<u>12,398</u>
Total Depreciation Expense	<u><u>\$906,213</u></u>

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2015, the District contracted with Liberty Mutual for professional and general liability insurance, fleet insurance, and property insurance. Coverage's provided are as follows:

Building and Contents (\$2,500 deductible)	\$49,554,961
Inland Marine Coverage (\$250 deductible)	50,000
<i>Automobile Liability:</i> (\$1,000 deductible for collision and \$1,000 comprehensive)	
Each Accident	1,000,000
Aggregate Limit per Year	3,000,000
<i>Professional and General Liability:</i>	
Each Occurrence	1,000,000
Aggregate Limit per Year	2,000,000
Umbrella Liability	2,000,000
<i>Public Officials Bonds:</i>	
Treasurer	100,000
Superintendent	74,000
Board President	74,000
Public Employee Dishonesty	25,000

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

For fiscal year 2015, the District participated with Sheakley Uniservice Inc. (the "Plan"), an insurance purchasing pool (Note 19). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

The District provides medical, prescription and dental insurance for its employees. Premiums are paid directly to the South Central Ohio Insurance Consortium (SCOIC). SCOIC contracted with Jefferson Health Plan, formerly known as Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), for all claims servicing until June 1, 2013. On June 1, 2013, Jefferson Health Plan contracted with Employee Benefits Management Corporation to service the claims of SCOIC members.

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

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 11 - RISK MANAGEMENT - (Continued)

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

Premiums are paid to the South Central Ohio Insurance Consortium Fund from the Self Insurance Fund of the District. The cash balance with the fiscal agent at June 30, 2015, was \$2,531,136. 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, 2015, and cash with fiscal agent for the balance of funds held by the Consortium that covers medical, dental and pharmacy claims will be reported.

The claims liability of \$302,587 supported at June 30, 2015 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>
2014	\$287,820	\$1,457,386	\$1,684,785	\$60,421
2015	60,421	1,776,522	1,534,356	302,587

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$396,199 for fiscal year 2015. Of this amount \$63,177 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 12 - 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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$986,695 for fiscal year 2015. Of this amount \$164,388 is reported as an intergovernmental payable.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,059,990	\$15,668,777	\$19,728,767
Proportion of the Net Pension Liability	0.08022200%	0.06441837%	
Pension Expense	\$160,239	\$685,571	\$845,810

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$34,555	\$150,846	\$185,401
District contributions subsequent to the measurement date	<u>396,199</u>	<u>986,695</u>	<u>1,382,894</u>
Total Deferred Outflows of Resources	<u>\$430,754</u>	<u>\$1,137,541</u>	<u>\$1,568,295</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$658,948</u>	<u>\$2,898,783</u>	<u>\$3,557,731</u>
Total Deferred Inflows of Resources	<u>\$658,948</u>	<u>\$2,898,783</u>	<u>\$3,557,731</u>

\$1,382,894 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	(\$156,011)	(\$686,984)	(\$842,995)
2017	(156,011)	(686,984)	(842,995)
2018	(156,011)	(686,984)	(842,995)
2019	<u>(156,360)</u>	<u>(686,985)</u>	<u>(843,345)</u>
Total	<u>(\$624,393)</u>	<u>(\$2,747,937)</u>	<u>(\$3,372,330)</u>

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
 Total	 <u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$5,792,399	\$4,059,990	\$2,602,884

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$22,431,563	\$15,668,777	\$9,949,736

NOTE 13 - POSTEMPLOYMENT BENEFITS

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2015, no members of the Board of Education have elected Social Security.

School Employees Retirement System

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

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2015, the health care allocation is 0.82 percent. An addition health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the minimum compensation level was established at \$20,450. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$64,382, \$42,923 and \$47,165, respectively; 84.1 percent has been contributed for 2015, and 100 percent has been contributed for 2014 and 2013.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 13 - 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 plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

State Teachers Retirement System

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

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

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$71,906 and \$71,800 respectively; 100 percent has been contributed for 2014 and 2013.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 0 percent of covered payroll was allocated to post-employment health care for the year ended June 30, 2015. For the years ended June 30, 2014, and 2013, 1 percent of covered payroll was allocated to post-employment healthcare. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

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

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 14 - LONG-TERM LIABILITIES

The changes in the District's long-term liabilities during fiscal year 2015 were as follows:

	Issue Date	Interest Rate	Principal Balance at July 1, 2014	Additions	Deletions	Principal Balance at June 30, 2015	Amount Due In One Year
<i>Governmental Activities:</i>							
School Improvement Bonds	2010	5.80%	\$12,290,000	\$0	\$865,000	\$11,425,000	\$890,000
Energy Conservation Bonds	2012	3.70%	490,000	0	25,000	465,000	30,000
General Obligation Refunding Bonds:							
Serial Bonds	2013	2-4%	3,475,000	0	25,000	3,450,000	25,000
Term Bonds	2013	3.5-4%	6,145,000	0	0	6,145,000	0
Capital Appreciation Bonds	2013	37.00%	26,732	0	0	26,732	0
Accretion on Capital Appreciation Bonds	2013	37.00%	10,211	14,933	0	25,144	0
Taxable Serial Bonds	2013	3.5-3.65%	1,085,000	0	0	1,085,000	0
Add Deferred Amounts:							
Premium on Bond			475,282	0	20,264	455,018	20,264
Total General Obligation Bonds			<u>23,997,225</u>	<u>14,933</u>	<u>935,264</u>	<u>23,076,894</u>	<u>965,264</u>
Net Pension Liability:							
STRS			18,664,544	0	2,995,767	15,668,777	0
SERS			4,770,545	0	710,555	4,059,990	0
Total Net Pension Liability			<u>23,435,089</u>	<u>0</u>	<u>3,706,322</u>	<u>19,728,767</u>	<u>0</u>
Compensated Absences			549,696	256,080	367,145	438,631	108,791
Total Governmental Activities Long-Term Liabilities			<u>\$47,982,010</u>	<u>\$271,013</u>	<u>\$5,008,731</u>	<u>\$43,244,292</u>	<u>\$1,074,055</u>

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

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

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

The District pays obligations related to employee compensation from the fund benefitting from their service. The compensated absences are paid from the fund from which the respective employees' salaries are paid. Most of the District's employees are paid from the General Fund, with the remainder being paid from the Title VI-B and Title I Funds.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 14 - LONG-TERM LIABILITIES - (Continued)

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The District's voted legal debt margin was \$6,792,055 with an unvoted debt margin of \$326,821 at June 30, 2015. The District was granted permission to exceed the voted debt limit of 9% of their total assessed valuation by the State Superintendent of Public Instruction and the Ohio Department of Taxation before issuing these bonds.

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

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

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

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

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 14 - LONG-TERM LIABILITIES - (Continued)

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2015 are as follows:

Year Ending June 30	General Obligation Refunding Bonds							
	Serial Bonds		Term Bonds		Capital Appreciation Bonds		Taxable Serial Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$25,000	\$116,250	\$0	\$240,300	\$0	\$0	\$0	\$38,500
2017	0	116,000	0	240,300	25,000	0	0	38,500
2018	0	116,000	0	240,300	25,000	0	0	38,500
2019	0	116,000	0	240,300	25,000	0	0	38,500
2020	0	116,000	0	240,300	25,000	0	0	38,500
2021-2025	0	580,000	0	1,201,500	125,000	0	0	192,500
2026-2030	815,000	567,775	1,100,000	1,132,900	125,000	0	1,085,000	70,525
2031-2035	2,610,000	146,085	1,905,000	933,500	0	0	0	0
2036-2038	0	0	3,140,000	191,800	0	0	0	0
Total	<u>\$3,450,000</u>	<u>\$1,874,110</u>	<u>\$6,145,000</u>	<u>\$4,661,200</u>	<u>\$350,000</u>	<u>\$0</u>	<u>\$1,085,000</u>	<u>\$455,525</u>

Year Ending June 30	School Improvement Bonds		Energy Conservation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$890,000	\$1,574,850	\$30,000	\$16,650	\$945,000	\$1,986,550
2017	920,000	1,574,850	30,000	15,540	975,000	1,985,190
2018	945,000	870,000	30,000	14,430	1,000,000	1,279,230
2019	975,000	870,000	30,000	13,320	1,030,000	1,278,120
2020	1,005,000	870,000	35,000	12,118	1,065,000	1,276,918
2021-2025	5,490,000	4,350,000	185,000	41,692	5,800,000	6,365,692
2026-2030	1,200,000	435,000	125,000	6,290	4,450,000	2,212,490
2031-2035	0	0	0	0	4,515,000	1,079,585
2036-2038	0	0	0	0	3,140,000	191,800
Total	<u>\$11,425,000</u>	<u>\$10,544,700</u>	<u>\$465,000</u>	<u>\$120,040</u>	<u>\$22,920,000</u>	<u>\$17,655,575</u>

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 15 – FUND BALANCES

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>				
Prepays	\$11,466	\$0	\$0	\$11,466
Materials and Supplies Inventory	0	0	9,037	9,037
Endowment	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>
Total Nonspendable	11,466	0	19,037	30,503
<i>Restricted:</i>				
<i>Special Revenues:</i>				
Athletics	0	0	79,658	79,658
Local Grants	0	0	14,025	14,025
State Grants	0	0	8,208	8,208
Debt Service	0	616,441	0	616,441
Endowment	<u>0</u>	<u>0</u>	<u>13,945</u>	<u>13,945</u>
Total Restricted	0	616,441	115,836	732,277
<i>Assigned:</i>				
<i>Encumbrances for:</i>				
Regular Instruction	6,843	0	0	6,843
Special Instruction	2,000	0	0	2,000
Vocational	778	0	0	778
Pupils	11,006	0	0	11,006
Instructional Staff	18,105	0	0	18,105
Board of Education	1,417	0	0	1,417
Administration	11,527	0	0	11,527
Fiscal	595	0	0	595
Operation & Maintenance	58,050	0	0	58,050
Pupil Transportation	50,450	0	0	50,450
Central	5,435	0	0	5,435
Extracurricular Activities	565	0	0	565
Public School Support	28,945	0	0	28,945
Capital Projects	<u>0</u>	<u>0</u>	<u>6,699</u>	<u>6,699</u>
Total Assigned	195,716	0	6,699	202,415
<i>Unassigned</i>	<u>2,545,431</u>	<u>0</u>	<u>(106,442)</u>	<u>2,438,989</u>
Total Fund Balances	<u>\$2,752,613</u>	<u>\$616,441</u>	<u>\$35,130</u>	<u>\$3,404,184</u>

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 16 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2015:

	<u>Capital Improvements</u>
Set-Aside Balance as of July 1, 2014	\$0
Current Year Set-Aside Requirement	325,505
Qualifying Disbursements	<u>(496,094)</u>
Total	<u>(170,589)</u>
Set-Aside Reserve Balance as of June 30, 2015	<u><u>\$0</u></u>

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

NOTE 17 – ENCUMBRANCE COMMITMENTS

At June 30, 2015, the District had encumbrance commitments in the governmental funds as follows:

<u>Major Funds</u>	
General	\$166,771
 <u>Nonmajor Funds</u>	
District Managed Activities	\$8,625
Vocational Education Equipment Grant	200
Straight A Grant	<u>4,643</u>
Total Nonmajor Funds	<u>13,468</u>
 Total Encumbrances	 <u><u>\$180,239</u></u>

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 18- JOINTLY GOVERNED ORGANIZATION

Metropolitan Educational Technology Association (META)

META 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 META 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. META is its own fiscal agent. The District paid \$69,658 to META for services provided during fiscal year 2015. In accordance with GASB Statement No. 61, the District does not have any equity interest in META 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 16 entities within Fairfield, Fayette, Franklin, Hocking, Perry and Ross 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, Dave Butler, who serves as Treasurer, at 1108 S. Main Street, Baltimore, Ohio 43105.

State Support Team Region 11(SSRT11)

The State Support Team Region 11 (SSRT11) 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. SSRT11 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 SSRT11. SSRT11 is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Council.

NOTE 19 - INSURANCE PURCHASING POOL

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

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

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

NOTE 20- CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

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

C. School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Net Pension Liability
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
<u>School Employees Retirement System of Ohio</u>		
District's Proportion of the Net Pension Liability	0.08022200%	0.08022200%
District's Proportionate Share of the Net Pension Liability	\$4,059,990	\$4,770,545
District's Covered-Employee Payroll	\$1,777,785	\$1,880,921
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	228.37%	253.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%
<u>State Teachers Retirement System of Ohio</u>		
District's Proportion of the Net Pension Liability	0.06441837%	0.06441837%
District's Proportionate Share of the Net Pension Liability	\$15,668,777	\$18,664,544
District's Covered-Employee Payroll	\$7,180,014	\$7,118,023
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	218.23%	262.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.71%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date
which is the prior fiscal year end.

BLOOM-CARROLL LOCAL SCHOOL DISTRICT

Schedule of the District's Contributions

Last Two Fiscal Years (1)

	<u>2015</u>	<u>2014</u>
<u>School Employees Retirement System of Ohio</u>		
Contractually Required Contributions	\$396,199	\$246,401
Contributions in Relation to the Contractually Required Contributions	<u>(396,199)</u>	<u>(246,401)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$3,006,064	\$1,777,785
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%
<u>State Teachers Retirement System of Ohio</u>		
Contractually Required Contributions	\$986,695	\$933,402
Contributions in Relation to the Contractually Required Contributions	<u>(986,695)</u>	<u>(933,402)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$7,047,821	\$7,180,014
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%

(1) Information prior to 2014 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

**BLOOM CARROLL LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Grant Award Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>				
<i>Passed Through Ohio Department of Education:</i>				
Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2015	10.555	\$ 6,000	\$ 6,000
Cash Assistance				
School Breakfast Program	2015	10.553	36,794	36,794
National School Lunch Program	2015	10.555	166,172	166,172
Total Nutrition Cluster			<u>208,966</u>	<u>208,966</u>
Total U.S. Department of Agriculture			<u>208,966</u>	<u>208,966</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2014	84.010	12,594	19,038
	2015		<u>93,643</u>	<u>87,441</u>
			106,237	106,479
Special Education - Grants to States	2013	84.027	-	497
	2014		25,530	42,227
	2015		<u>250,808</u>	<u>232,592</u>
Total Special Education - Grants to States			276,338	275,316
Improving Teacher Quality State Grants	2014	84.367	2,938	5,361
	2015		<u>31,781</u>	<u>29,411</u>
			<u>34,719</u>	<u>34,772</u>
Total U.S. Department of Education			<u>417,294</u>	<u>416,567</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 626,260</u>	<u>\$ 625,533</u>

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

**BLOOM CARROLL LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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

NOTE D - BUREAU OF WORKER'S COMPENSATION REBATE

Ohio's workers' compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers' Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. The BWC invested contributions over a three-year period which generated a greater than anticipated return. In September 2014, the Ohio BWC Board of Directors authorized a \$1 billion rebate for more than 187,800 public and private entities paying into Ohio's workers' compensation system. Each employer's rebate reflected 60% of what they were billed during the last policy period (2012 calendar year for public-taxing districts). Using policy year 2012 as the base year for calculation, the District allocated its BWC rebate back to all funds, including Federal funds, providing the source of initial premium payments to BWC. The subsequent expenditure of the rebate attributable to Federal programs is reflected on the District's Schedule of Federal Awards Receipts and Expenditures.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloom Carroll Local School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 19, 2016, wherein we noted during 2015 the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

February 19, 2016



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Bloom Carroll Local School District's, Fairfield County, Ohio (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Bloom Carroll Local School District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Bloom Carroll Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

February 19, 2016

**BLOOM CARROLL LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster (School Breakfast Program CFDA 10.553 & National School Lunch Program CFDA 10.555); Special Education - Grants to States Program (CFDA 84.027)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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BLOOM CARROLL LOCAL SCHOOL DISTRICT

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 22, 2016**