

Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

March 10, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Reports completed prior to that date contain the signature of my predecessor.

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

DAVE YOST
Auditor of State

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**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive, NE
New Philadelphia, Ohio 44663

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Joint Vocational School District, Tuscarawas County, Ohio, as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Special Revenue Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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



Mary Taylor, CPA
Auditor of State

November 29, 2010

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The management's discussion and analysis of the Buckeye Joint Vocational School District (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets of governmental activities increased \$1,320,258 which represents a 6.35% increase from 2009.
- General revenues accounted for \$11,708,253 in revenue or 72.27% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,491,524 or 27.73% of total revenues of \$16,199,777.
- The District had \$14,879,519 in expenses related to governmental activities; \$4,491,524 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,708,253 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, adult education fund and building fund. The general fund had \$11,963,196 in revenues and other financing sources and \$11,787,538 in expenditures and other financing uses. During fiscal year 2010, the general fund's fund balance increased \$175,658 from \$11,768,832 to \$11,944,490.
- The adult education fund had \$2,305,316 in revenues and \$1,713,013 in expenditures. During fiscal year 2010, the adult education fund's fund balance increased \$592,303 from \$709,919 to \$1,302,222.
- The building fund had \$518,170 in revenues and \$5,373 in expenditures. During fiscal year 2010, the building fund's fund balance increased \$512,797 from \$3,786,326 to \$4,299,123.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements 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.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, adult education fund and building fund are by far the most significant funds, and the only governmental funds reported as major funds.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports 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 fund, adult education fund and building fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-20 of this report.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 21 and 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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. These notes to the basic financial statements can be found on pages 23-48 of this report.

The District as a Whole

Recall that the statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2010 and 2009.

	Net Assets	
	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<u>Assets</u>		
Current and other assets	\$ 23,341,555	\$ 22,073,862
Capital assets, net	<u>4,599,316</u>	<u>4,723,459</u>
Total assets	<u>27,940,871</u>	<u>26,797,321</u>
<u>Liabilities</u>		
Current liabilities	5,178,614	5,265,489
Long-term liabilities	<u>649,004</u>	<u>738,837</u>
Total liabilities	<u>5,827,618</u>	<u>6,004,326</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	4,409,958	4,490,054
Restricted	5,881,706	4,817,837
Unrestricted	<u>11,821,589</u>	<u>11,485,104</u>
Total net assets	<u>\$ 22,113,253</u>	<u>\$ 20,792,995</u>

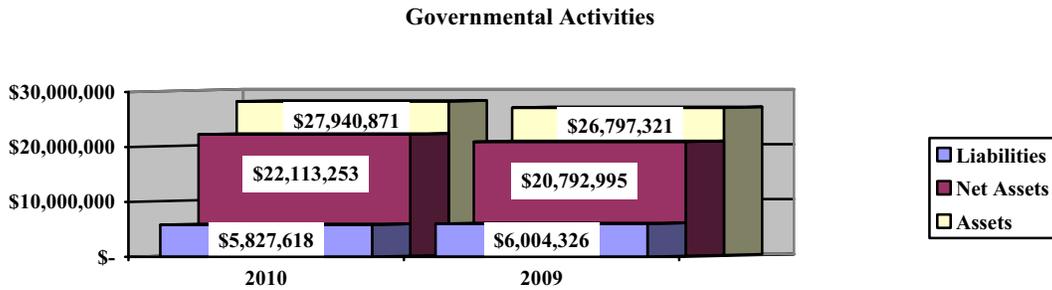
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$22,113,253. Of this total, \$11,821,589 is unrestricted in use.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

At year-end, capital assets represented 16.46% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District had \$4,409,958 invested in capital assets, net of related debt at June 30, 2010. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net assets, \$5,881,706, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$11,821,589 may be used to meet the District's ongoing obligations to the students and creditors.



The table below shows the change in net assets for fiscal year 2010 and 2009.

Change in Net Assets

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
Revenues		
Program revenues:		
Charges for services and sales	\$ 2,745,546	\$ 2,198,514
Operating grants and contributions	1,745,978	1,945,153
General revenues:		
Property taxes	4,534,436	4,404,493
Grants and entitlements	7,035,853	7,016,251
Investment earnings	126,884	355,261
Other	<u>11,080</u>	<u>11,514</u>
Total revenues	<u><u>16,199,777</u></u>	<u><u>15,931,186</u></u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Change in Net Assets

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	1,235,831	1,320,903
Special	612,236	395,569
Vocational	6,194,722	6,052,227
Adult/continuing	1,782,758	1,455,814
Support services:		
Pupil	850,699	779,528
Instructional staff	699,919	658,512
Board of education	115,385	83,599
Administration	677,258	649,133
Fiscal	386,761	630,620
Operations and maintenance	1,644,953	1,438,123
Pupil transportation	18,978	14,988
Central	183,260	143,365
Food service operations	448,968	419,558
Operations of non-instructional services	1,136	3,066
Extracurricular activities	10,414	5,428
Interest and fiscal charges	<u>16,241</u>	<u>7,915</u>
Total expenses	<u>14,879,519</u>	<u>14,058,348</u>
Change in net assets	1,320,258	1,872,838
Net assets at beginning of year	<u>20,792,995</u>	<u>18,920,157</u>
Net assets at end of year	<u>\$ 22,113,253</u>	<u>\$ 20,792,995</u>

Governmental Activities

Net assets of the District's governmental activities increased \$1,320,258. Total governmental expenses of \$14,879,519 were offset by program revenues of \$4,491,524 and general revenues of \$11,708,253. Program revenues supported 30.19% of the total governmental expenses.

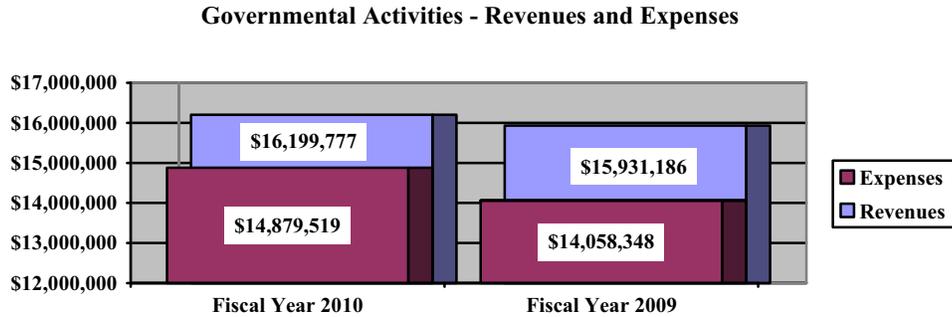
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 71.42% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$9,825,547 or 66.03% of total governmental expenses for fiscal year 2010.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2010 and 2009.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program expenses				
Instruction:				
Regular	\$ 1,235,831	\$ 1,190,540	\$ 1,320,903	\$ 1,265,953
Special	612,236	556,756	395,569	346,403
Vocational	6,194,722	2,914,249	6,052,227	5,063,546
Adult/continuing	1,782,758	1,753,758	1,455,814	(364,879)
Support services:				
Pupil	850,699	628,180	779,528	547,945
Instructional staff	699,919	462,619	658,512	479,360
Board of education	115,385	115,385	83,599	83,599
Administration	677,258	667,839	649,133	646,705
Fiscal	386,761	383,927	630,620	355,320
Operations and maintenance	1,644,953	1,638,817	1,438,123	1,435,454
Pupil transportation	18,978	18,978	14,988	14,988
Central	183,260	(1,158)	143,365	964
Food service operations	448,968	30,765	419,558	24,576
Operations of non-instructional services	1,136	685	3,066	2,995
Extracurricular activities	10,414	10,414	5,428	3,837
Interest and fiscal charges	16,241	16,241	7,915	7,915
Total expenses	\$ 14,879,519	\$ 10,387,995	\$ 14,058,348	\$ 9,914,681

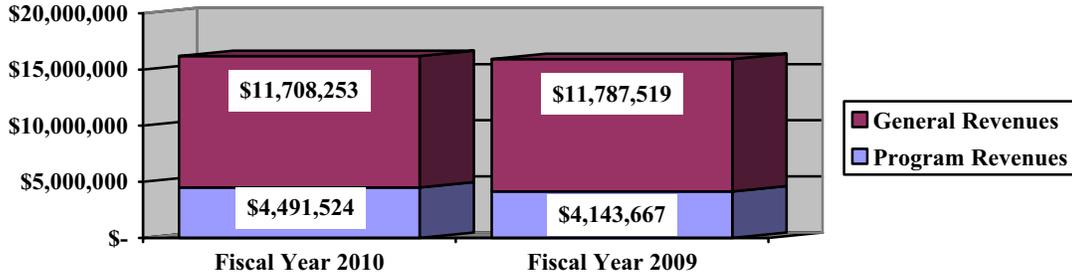
The dependence upon tax and other general revenues for governmental activities is apparent, 65.29% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 69.81%. The District's taxpayers and State funding are the primary support for District's students.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The graph below presents the District's governmental activities revenue for fiscal year 2010 and 2009.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$17,630,951, which is higher than last year's total of \$16,315,759. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	<u>Fund Balance June 30, 2010</u>	<u>Fund Balance June 30, 2009</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$11,944,490	\$11,768,832	\$ 175,658	1.49 %
Adult Education	1,302,222	709,919	592,303	83.43 %
Building	4,299,123	3,786,326	512,797	13.54 %
Other Governmental	<u>85,116</u>	<u>50,682</u>	<u>34,434</u>	67.94 %
Total	<u>\$17,630,951</u>	<u>\$16,315,759</u>	<u>\$ 1,315,192</u>	8.06 %

General Fund

The District's general fund balance remained relatively stable, with an increase in fund balance of \$175,658. Tax revenue increased \$86,141 or 2.15% from the prior year. Intergovernmental revenue increased \$92,594 or 1.25% from the prior year. This increase is attributed to an increase in tangible personal property tax loss reimbursements from the State pursuant to Am. Sub. House Bill 66. Instruction and support service expenditures remained relatively consistent with 2009 experiencing increases primarily attributable to anticipated salary/wage increases. The District was able to hold salary and wage increases to a minimum due to attrition. The increase in support services can be attributed to the rising cost of utilities. The decrease in capital outlay and increase in debt service expenditures is due to the District entering into a capital lease agreement in fiscal year 2009 for copier equipment.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,087,558	\$ 4,001,417	\$ 86,141	2.15 %
Earnings on investments	130,338	324,090	(193,752)	(59.78) %
Charges for services	225,283	379,246	(153,963)	(40.60) %
Intergovernmental	7,506,034	7,413,440	92,594	1.25 %
Other revenues	<u>11,080</u>	<u>6,325</u>	<u>4,755</u>	75.18 %
 Total	 <u>\$ 11,960,293</u>	 <u>\$ 12,124,518</u>	 <u>\$ (164,225)</u>	 (1.35) %
<u>Expenditures</u>				
Instruction	\$ 7,756,327	\$ 7,413,773	\$ 342,554	4.62 %
Support services	3,920,750	3,655,964	264,786	7.24 %
Capital outlay	-	148,368	(148,368)	(100.00) %
Extracurricular activities	4,773	3,215	1,558	48.46 %
Debt service	<u>60,288</u>	<u>43,096</u>	<u>17,192</u>	39.89 %
 Total	 <u>\$ 11,742,138</u>	 <u>\$ 11,264,416</u>	 <u>\$ 477,722</u>	 4.24 %

Adult Education Fund

The adult education fund had \$2,305,316 in revenues and \$1,713,013 in expenditures. The increase in revenues can be attributed to an increase in tuition income during 2010. This increase was due to the high unemployment rate in the District. There was a significant need for retraining, and federal funding was available for this training. During fiscal year 2010, the adult education fund's fund balance increased \$592,303 from \$709,919 to \$1,302,222.

Building Fund

The building fund had \$518,170 in revenues and \$5,373 in expenditures. The revenues in the building fund remained comparable to 2009, while expenditures decreased \$104,897 due to lower facilities construction and acquisition charges. During fiscal year 2010, the building fund's fund balance increased \$512,797 from \$3,786,326 to \$4,299,123. The District is contemplating a renovation; therefore only essential repairs or updates were made.

General Fund Budgeting Highlights

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

During the course of fiscal year 2010, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$11,530,605 and final budgeted revenues and other financing sources were \$11,499,605. Actual revenues and other financing sources for fiscal year 2010 was \$12,370,779. This represents an \$871,174 increase over final budgeted revenues, with intergovernmental state comprising most of this increase.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

General fund original appropriations (appropriated expenditures including other financing uses) of \$12,805,029 were decreased to \$12,394,029 in the final appropriated budget. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$11,575,721, which was \$818,308 less than the final budget appropriations, due to controls on spending.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$4,599,316 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2010 balances compared to 2009:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2010	2009
Land	\$ 422,550	\$ 422,550
Land improvements	19,511	22,726
Building and improvements	2,055,934	2,185,941
Furniture and equipment	2,017,700	1,983,870
Vehicles	83,621	108,372
Total	\$ 4,599,316	\$ 4,723,459

The overall decrease in capital assets of \$124,143 is due to depreciation expense of \$587,148 and disposals of \$13,699 (net of accumulated depreciation) exceeding capital outlays of \$476,704 in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2010, the District had \$189,358 in capital lease obligations outstanding. Of this total, \$47,981 is due within one year and \$141,377 is due within greater than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Year End

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
Capital lease obligations	\$ 189,358	\$ 233,405
Total	\$ 189,358	\$ 233,405

See Note 10 to the basic financial statements for additional information on the District's long-term obligations.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Current Financial Related Activities

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast.

The financial future of the District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist as the District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system.

Although the District relies heavily on its property taxpayers to support its operations, the community support for the District is quite strong. Both of our levies have been renewed by an overwhelming margin. The District expects to have a positive general fund balance through 2014. We have tried to communicate to the public the service that our District provides to the community. We have a very strong adult education program that services many of our community members. The District has a strong public relations campaign that explains to the public what we are trying to do.

Externally, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional educational funding system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its additional financial support toward Career District's with little property tax wealth. In May of 2001, the Ohio Supreme Court again, ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not "equitable" nor "adequate". The court directed the Governor and the legislature to address the fundamental issue creating the inequities. In December, 2002, the Ohio Supreme Court issued its latest opinion that Ohio's current school funding system is unconstitutional. However, the Supreme Court also relinquished jurisdiction over the case and directed the "...Ohio General Assembly to enact a school funding scheme that is thorough and efficient..."

The District does not anticipate any meaningful growth in the State revenue. The District's state revenue is currently calculated on an increased percentage each year, based upon the 2007-2008 school year's enrollment. We do not know if this will continue past June 30, 2011, when the legislature will vote on a new budget. Enrollment has remained steady for the past several years, and is anticipated to remain the same.

As a result of the challenges mentioned above, it is imperative that the District's management continue to carefully and prudently plan to provide the resources required to meet student needs over the next several years.

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 that the District is accountable for the money it receives. If you have questions about this report or need additional financial information contact Ms. Carla Cooper, Treasurer, Buckeye Joint Vocational School, 545 University Drive NE, New Philadelphia, OH 44663, or email at ccooper@bjvs.k12.oh.us.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 18,540,947
Receivables:	
Taxes.	4,317,804
Accounts.	266,103
Accrued interest	39,623
Intergovernmental	64,267
Prepayments	1,831
Materials and supplies inventory.	110,980
Capital assets:	
Land.	422,550
Depreciable capital assets, net.	4,176,766
Capital assets, net	4,599,316
 Total assets.	 27,940,871
Liabilities:	
Accounts payable.	92,264
Accrued wages and benefits	1,157,732
Pension obligation payable.	157,275
Intergovernmental payable	40,171
Unearned revenue	3,624,183
Accrued vacation leave payable.	106,989
Long-term liabilities:	
Due within one year.	57,372
Due within more than one year	591,632
 Total liabilities	 5,827,618
Net Assets:	
Invested in capital assets, net of related debt.	4,409,958
Restricted for:	
Capital projects	4,331,952
Federally funded programs	29,333
Public school support	10,699
Other purposes	1,509,722
Unrestricted.	11,821,589
 Total net assets	 \$ 22,113,253

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 1,235,831	\$ -	\$ 45,291	\$ (1,190,540)
Special	612,236	-	55,480	(556,756)
Vocational	6,194,722	2,371,178	909,295	(2,914,249)
Adult/continuing.	1,782,758	-	29,000	(1,753,758)
Support services:				
Pupil.	850,699	-	222,519	(628,180)
Instructional staff	699,919	146,205	91,095	(462,619)
Board of education	115,385	-	-	(115,385)
Administration.	677,258	9,419	-	(667,839)
Fiscal.	386,761	-	2,834	(383,927)
Operations and maintenance	1,644,953	-	6,136	(1,638,817)
Pupil transportation.	18,978	-	-	(18,978)
Central	183,260	-	184,418	1,158
Operation of non-instructional services:				
Other non-instructional services	1,136	-	451	(685)
Food service operations	448,968	218,744	199,459	(30,765)
Extracurricular activities.	10,414	-	-	(10,414)
Interest and fiscal charges	16,241	-	-	(16,241)
Totals	\$ 14,879,519	\$ 2,745,546	\$ 1,745,978	(10,387,995)

General Revenues:

Property taxes levied for:	
General purposes	4,116,765
Capital outlay.	417,671
Grants and entitlements not restricted to specific programs	7,035,853
Investment earnings	126,884
Miscellaneous	11,080
Total general revenues	11,708,253
Change in net assets	1,320,258
Net assets at beginning of year.	20,792,995
Net assets at end of year	\$ 22,113,253

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Adult Education	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments.	\$ 12,631,794	\$ 1,357,353	\$ 4,263,284	\$ 247,432	\$ 18,499,863
Receivables:					
Taxes.	3,890,217	-	427,587	-	4,317,804
Accounts.	-	266,103	-	-	266,103
Accrued interest	39,623	-	-	-	39,623
Interfund loans.	141,415	-	-	-	141,415
Intergovernmental	-	-	-	64,267	64,267
Prepayments.	1,449	-	-	382	1,831
Materials and supplies inventory.	104,537	-	-	6,443	110,980
Restricted assets:					
Equity in pooled cash and investments.	41,084	-	-	-	41,084
Total assets	<u>\$ 16,850,119</u>	<u>\$ 1,623,456</u>	<u>\$ 4,690,871</u>	<u>\$ 318,524</u>	<u>\$ 23,482,970</u>
Liabilities:					
Accounts payable	\$ 85,099	\$ 5,990	\$ -	\$ 1,175	\$ 92,264
Accrued wages and benefits.	1,072,585	38,745	-	46,402	1,157,732
Compensated absences payable	9,391	-	-	-	9,391
Interfund loans payable.	-	-	-	141,415	141,415
Intergovernmental payable	34,947	3,173	-	2,051	40,171
Unearned revenue.	3,265,264	-	358,919	-	3,624,183
Deferred revenue	307,839	266,103	32,829	22,817	629,588
Pension obligation payable	130,504	7,223	-	19,548	157,275
Total liabilities.	<u>4,905,629</u>	<u>321,234</u>	<u>391,748</u>	<u>233,408</u>	<u>5,852,019</u>
Fund Balances:					
Reserved for encumbrances	47,312	8,699	553	16,619	73,183
Reserved for supplies inventory	104,537	-	-	6,443	110,980
Reserved for prepayments.	1,449	-	-	382	1,831
Reserved for tax revenue unavailable for appropriation	326,176	-	35,839	-	362,015
Reserved for budget stabilization	41,084	-	-	-	41,084
Unreserved, undesignated, reported in:					
General fund.	11,423,932	-	-	-	11,423,932
Special revenue funds	-	1,293,523	-	61,672	1,355,195
Capital projects funds	-	-	4,262,731	-	4,262,731
Total fund balances	<u>11,944,490</u>	<u>1,302,222</u>	<u>4,299,123</u>	<u>85,116</u>	<u>17,630,951</u>
Total liabilities and fund balances	<u>\$ 16,850,119</u>	<u>\$ 1,623,456</u>	<u>\$ 4,690,871</u>	<u>\$ 318,524</u>	<u>\$ 23,482,970</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances		\$	17,630,951
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,599,316
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	331,606	
Accounts receivable		266,103	
Intergovernmental receivable		22,817	
Accrued interest receivable		9,062	
Total		9,062	629,588
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Sick leave obligation		(450,255)	
Accrued vacation payable		(106,989)	
Capital lease obligation		(189,358)	
Total		(746,602)	(746,602)
Net assets of governmental activities		\$	22,113,253

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General	Adult Education	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources:					
Taxes	\$ 4,087,558	\$ -	\$ 411,390	\$ -	\$ 4,498,948
Tuition	-	2,063,187	-	-	2,063,187
Earnings on investments	130,338	-	5,658	1	135,997
Charges for services	-	-	-	218,744	218,744
Classroom materials and fees	-	9,780	-	64,388	74,168
Contributions and donations	-	-	-	450	450
Contract services	225,283	-	-	-	225,283
Other local revenues	11,080	10,122	-	9,419	30,621
Intergovernmental - state	7,506,034	221,337	101,122	38,621	7,867,114
Intergovernmental - federal	-	890	-	951,517	952,407
Total revenue	11,960,293	2,305,316	518,170	1,283,140	16,066,919
Expenditures:					
Current:					
Instruction:					
Regular	1,188,664	-	-	44,799	1,233,463
Special	532,092	-	-	55,122	587,214
Vocational	6,035,571	-	-	78,738	6,114,309
Adult/continuing	-	1,593,028	-	166,569	1,759,597
Support services:					
Pupil	625,470	-	-	222,841	848,311
Instructional staff	491,047	119,985	-	80,989	692,021
Board of education	115,385	-	-	-	115,385
Administration	680,790	-	-	2,642	683,432
Fiscal	377,891	-	5,202	3,039	386,132
Operations and maintenance	1,625,066	-	-	6,136	1,631,202
Pupil transportation	5,101	-	-	-	5,101
Central	-	-	-	183,260	183,260
Operation of non-instructional	-	-	-	149	149
Food service operations	-	-	-	444,181	444,181
Extracurricular activities	4,773	-	-	5,641	10,414
Facilities acquisition and construction	-	-	171	-	171
Debt service:					
Principal retirement	44,047	-	-	-	44,047
Interest and fiscal charges	16,241	-	-	-	16,241
Total expenditures	11,742,138	1,713,013	5,373	1,294,106	14,754,630
Excess/deficiency of revenues over/under expenditures	218,155	592,303	512,797	(10,966)	1,312,289
Other financing sources (uses):					
Sale of capital assets	2,903	-	-	-	2,903
Transfers in	-	-	-	45,400	45,400
Transfers (out)	(45,400)	-	-	-	(45,400)
Total other financing sources (uses)	(42,497)	-	-	45,400	2,903
Net change in fund balances	175,658	592,303	512,797	34,434	1,315,192
Fund balances at beginning of year	11,768,832	709,919	3,786,326	50,682	16,315,759
Fund balances at end of year	\$ 11,944,490	\$ 1,302,222	\$ 4,299,123	\$ 85,116	\$ 17,630,951

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds \$ 1,315,192

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 expense exceeds capital outlays in the current period.

Capital asset additions	\$	476,704	
Current year depreciation		(587,148)	
Total			(110,444)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net assets. (13,699)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes		35,488	
Accrued interest		(9,112)	
Tuition		4,265	
Intergovernmental revenue		102,217	
Total			132,858

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 44,047

Some expenses reported in the statement of activities, such as sick leave obligation and accrued vacation payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Sick leave obligation		(27,488)	
Accrued vacation leave payable		(20,208)	
Total			(47,696)

Change in net assets of governmental activities \$ 1,320,258

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 4,073,008	\$ 4,022,668	\$ 4,041,205	\$ 18,537
Tuition.	26,000	-	-	-
Earnings on investments	245,082	169,000	169,248	248
Contract services.	172,000	377,850	386,135	8,285
Other local revenues	4,333	4,000	11,080	7,080
Intergovernmental - intermediate	1,605	-	-	-
Intergovernmental - state	6,895,858	6,670,482	7,506,034	835,552
Total revenue	<u>11,417,886</u>	<u>11,244,000</u>	<u>12,113,702</u>	<u>869,702</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,503,589	1,227,888	1,183,801	44,087
Special.	436,633	501,388	490,161	11,227
Vocational.	6,421,584	5,954,726	5,786,503	168,223
Support Services:				
Pupil.	628,126	698,946	598,725	100,221
Instructional staff	566,217	560,767	486,965	73,802
Board of education	114,033	131,708	114,754	16,954
Administration.	742,336	728,102	662,948	65,154
Fiscal	425,908	418,400	370,501	47,899
Operations and maintenance.	1,690,838	1,747,124	1,594,581	152,543
Pupil transportation	8,185	11,080	5,188	5,892
Operation of non-instructional services	3,000	3,000	-	3,000
Extracurricular activities.	10,997	10,900	4,778	6,122
Total expenditures	<u>12,551,446</u>	<u>11,994,029</u>	<u>11,298,905</u>	<u>695,124</u>
Excess of revenues over (under) expenditures.	<u>(1,133,560)</u>	<u>(750,029)</u>	<u>814,797</u>	<u>1,564,826</u>
Other financing sources (uses):				
Refund of prior year's expenditures	5	-	156	156
Transfers out.	(50,920)	(50,000)	(45,400)	4,600
Advances in.	112,627	254,000	254,018	18
Advances out	(202,663)	(350,000)	(231,416)	118,584
Sale of capital assets	87	1,605	2,903	1,298
Total other financing sources (uses)	<u>(140,864)</u>	<u>(144,395)</u>	<u>(19,739)</u>	<u>124,656</u>
Net change in fund balance	(1,274,424)	(894,424)	795,058	1,689,482
Fund balance at beginning of year	11,685,493	11,685,493	11,685,493	-
Prior year encumbrances appropriated	66,261	66,261	66,261	-
Fund balance at end of year	<u>\$ 10,477,330</u>	<u>\$ 10,857,330</u>	<u>\$ 12,546,812</u>	<u>\$ 1,689,482</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Tuition	\$ 1,220,000	\$ 2,020,900	\$ 2,063,187	\$ 42,287
Classroom materials and fees	29,000	8,100	9,780	1,680
Other local revenues	8,000	8,000	10,122	2,122
Intergovernmental - state	200,000	220,000	221,337	1,337
Intergovernmental - federal	400	400	890	490
Total revenue	<u>1,457,400</u>	<u>2,257,400</u>	<u>2,305,316</u>	<u>47,916</u>
Expenditures:				
Current:				
Instruction:				
Adult/continuing	1,324,949	1,664,949	1,595,989	68,960
Support Services:				
Instructional staff	89,000	89,000	85,301	3,699
Total expenditures	<u>1,413,949</u>	<u>1,753,949</u>	<u>1,681,290</u>	<u>72,659</u>
 Net change in fund balance	 43,451	 503,451	 624,026	 120,575
 Fund balance at beginning of year	 719,564	 719,564	 719,564	 -
Prior year encumbrances appropriated	<u>4,859</u>	<u>4,859</u>	<u>4,859</u>	<u>-</u>
Fund balance at end of year	<u>\$ 767,874</u>	<u>\$ 1,227,874</u>	<u>\$ 1,348,449</u>	<u>\$ 120,575</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Current assets:		
Equity in pooled cash and investments.	\$ 87,100	\$ 45,420
Receivables:		
Accrued interest.	142	-
Total assets.	87,242	\$ 45,420
Liabilities:		
Due to students.	-	\$ 45,420
Total liabilities	-	\$ 45,420
Net assets:		
Held in trust for scholarships	87,242	
Total net assets	\$ 87,242	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 1,112
Deductions:	
Scholarships awarded	1,800
Change in net assets.	(688)
Net assets at beginning of year	87,930
Net assets at end of year.	\$ 87,242

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Buckeye Joint Vocational School District (the "District") is defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District exposes students to job training leading to employment upon graduation from high school. The District encompasses eleven members spread throughout Carroll, Coshocton, Guernsey, Harrison, Holmes, Stark, Tuscarawas and Wayne counties.

The District operates under an eleven member board representing Dover, New Philadelphia, Carrollton, Garaway, East Holmes, Strasburg, Conotton Valley, Claymont, Newcomerstown, Indian Valley and Tuscarawas Valley School Districts. Each Board member is elected to their home District and then appointed to the District's Board. The District provides educational services as authorized by State statute and federal guidelines. The District employs 83 certified employees, 12 administrators and 27 non-certified employees who provide services to 3,455 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. When applying GASB Statement No. 14, management has considered all potential component units.

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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or (4) 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 debt, the issuance of debt, or the levying of taxes. Based upon the application of this criteria, the District has no component units. The financial statements of the reporting entity include only those of the District (the primary government).

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The following organizations are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATION

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA)

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating Districts' elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing to member Districts. The Jefferson County Educational Service Center serves as fiscal agent and receives funding from the State Department of Education. The District paid \$25,161 to OME-RESA during fiscal year 2010 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, Ohio 43952.

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The Plan's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

East Ohio Schools Employees Insurance Consortium (EOSEIC)

The District participates in the East Ohio Schools Employees Insurance Consortium (EOSEIC), an insurance purchasing pool. The consortium was established in fiscal year 2003 to obtain and maintain a joint insurance purchasing program to maximize benefits and/or reduce the costs of health, dental, life and/or other group insurance overages for employees and their eligible dependents and designated beneficiaries. The consortium members are Dover City School District, Buckeye Joint Vocational School District and Garaway Local School District. The Board of Directors is the governing body. The Board of Education of each member appoints its superintendent or superintendent's designee to be its representative on the Board of Directors. The EOSEIC's business and affairs are conducted by the third party administrator, Klais and Company, Inc. Each year the participating districts pay an enrollment fee to the third party administrator to cover the costs of administering the program.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary funds.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

GOVERNMENTAL FUNDS

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

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

Adult education fund - The adult education special revenue fund is used to account for all revenue and expenditures associated with the adult education program.

Building fund - The building capital projects fund accounts for tax revenues that are used for any updates or major building renovations.

Other governmental funds of the District are used to account for (a) food service operations, and (b) for grants and other resources whose use is restricted to a particular purpose.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for donated monies restricted to provide college scholarship assistance to a graduate of the District. The District's agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The agency funds reflect resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Fiduciary funds use the accrual basis of accounting.

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. Available means that the resources will be collected 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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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 fiscal 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 nonexchange transactions must also be available before it can be recognized.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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 governmental funds.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

Tuscarawas County has waived the requirement of the formal tax budget. The county budget commission requires tax levy fund information and summary data for all funds to be submitted to the County Auditor, as Secretary of the County Budget Commission, by April 1st of each year, for the period July 1 to June 30 of the following year.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during fiscal year 2010.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate of estimated resources saying no new certificate of estimated resources is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriations resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation total at the legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, supplemental appropriations were legally enacted.

The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal year for all funds, other than agency funds, consistent with statutory provisions.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

F. Cash and Investments

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's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

Investments are reported at fair value which is based on quoted market prices.

During fiscal year 2010, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal agency securities. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statute, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$130,338, which included \$35,753 assigned from other District funds.

For presentation on the statement of net assets, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed/expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

All capital assets of the District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$1,500. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	50 years
Furniture and equipment	5 years
Vehicles	8 years

I. Interfund Balances

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

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees that will meet the eligibility limits within the next four years are expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For 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.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations 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 during the current year.

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepayments, materials and supplies inventory, property taxes unavailable for appropriation and budget stabilization. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted by State statute for budget stabilization, amounts restricted for adult education and amounts restricted for food service operations.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set-aside to create a reserve for budget stabilization. A schedule of statutory reserves and detail on the District's restricted assets is presented in Note 17.

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund 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/expenses to the funds that initially paid for them are not presented on the basic financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 27,287
Vocational educational enhancement	2,998

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficits should be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statute classifies 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 the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be 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 monies. Interim monies are those monies 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.

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 or 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;

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the purchase date in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the finance 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.

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.

A. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$10,159,610. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, 9,643,268 of the District's bank balance of \$10,480,168 was exposed to custodial risk as discussed below, while \$836,900 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. 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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 1,000,101	\$ 1,000,101	\$ -	\$ -	\$ -	\$ -
FHLMC	4,289,379	-	256,458	-	-	4,032,921
FFCB	505,470	-	-	-	-	505,470
FHLB	1,516,875	1,008,750	-	-	-	508,125
FNMA	1,202,032	-	-	-	-	1,202,032
Total	<u>\$ 8,513,857</u>	<u>\$ 2,008,851</u>	<u>\$ 256,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,248,548</u>

The weighted average maturity of investments is 2.07 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments, except for the STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

Custodial Credit Risk: For an investment, 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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 1,000,101	11.74
FHLMC	4,289,379	50.38
FFCB	505,470	5.94
FHLB	1,516,875	17.82
FNMA	1,202,032	14.12
Total	<u>\$ 8,513,857</u>	<u>100.00</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 10,159,610
Investments	<u>8,513,857</u>
 Total	 <u>\$ 18,673,467</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 18,540,947
Private-purpose trust fund	87,100
Agency fund	<u>45,420</u>
 Total	 <u>\$ 18,673,467</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2010, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 141,415

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2010 are reported on the statement of net assets.

- B.** Interfund transfers for the year ended June 30, 2010, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 45,400

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - 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 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 property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from the following counties: Carroll, Harrison, Stark, Holmes, Wayne, Coshocton and Guernsey. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$326,176 in the general fund and \$35,839 in the building capital projects fund. This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$279,823 in the general fund and \$26,758 in the building capital projects fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - PROPERTY TAXES - (Continued)

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

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

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,292,958,640	95.15	\$ 2,317,468,280	95.31
Public utility personal	112,108,830	4.65	109,761,330	4.51
Tangible personal property	<u>4,763,047</u>	<u>0.20</u>	<u>4,293,503</u>	<u>0.18</u>
Total	<u>\$ 2,409,830,517</u>	<u>100.00</u>	<u>\$ 2,431,523,113</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.80		\$2.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. 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 receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 4,317,804
Accounts	266,103
Intergovernmental	64,267
Accrued interest	<u>39,623</u>
Total receivables	<u>\$ 4,687,797</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/10</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 422,550	\$ -	\$ -	\$ 422,550
Total capital assets, not being depreciated	<u>422,550</u>	<u>-</u>	<u>-</u>	<u>422,550</u>
Capital assets, being depreciated:				
Land improvements	840,256	-	-	840,256
Buildings and improvements	11,334,800	-	-	11,334,800
Furniture and equipment	5,951,835	476,704	(266,299)	6,162,240
Vehicles	441,865	-	-	441,865
Total capital assets, being depreciated	<u>18,568,756</u>	<u>476,704</u>	<u>(266,299)</u>	<u>18,779,161</u>
Less: accumulated depreciation:				
Land improvements	(817,530)	(3,215)	-	(820,745)
Buildings and improvements	(9,148,859)	(130,007)	-	(9,278,866)
Furniture and equipment	(3,967,965)	(429,175)	252,600	(4,144,540)
Vehicles	(333,493)	(24,751)	-	(358,244)
Total accumulated depreciation	<u>(14,267,847)</u>	<u>(587,148)</u>	<u>252,600</u>	<u>(14,602,395)</u>
Governmental activities capital assets, net	<u>\$ 4,723,459</u>	<u>\$ (110,444)</u>	<u>\$ (13,699)</u>	<u>\$ 4,599,316</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 14,878
Vocational	520,273
Adult/continuing education	13,747
Support Services:	
Pupil	1,047
Instructional staff	1,157
Administration	3,819
Operations and maintenance	13,753
Pupil transportation	13,877
Food service operations	3,610
Operation of non-instructional services	<u>987</u>
Total depreciation expense	<u>\$ 587,148</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a previous year, the District entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$349,010. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2010 was \$143,810, leaving a current book value of \$205,200. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2010 totaled \$44,047 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2010:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2011	\$ 60,288
2012	60,288
2013	60,289
2014	<u>35,377</u>
Total minimum lease payment	216,242
Less: amount representing interest	<u>(26,884)</u>
Total	<u><u>\$ 189,358</u></u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. The changes in the District’s long-term obligations during the year consist of the following:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>6/30/09</u>			<u>6/30/10</u>	<u>Due in</u>
					<u>One Year</u>
Governmental activities:					
Sick leave	\$ 489,322	\$ 36,879	\$ (66,555)	\$ 459,646	\$ 9,391
Early retirement incentive	16,110	-	(16,110)	-	-
Capital lease obligation	<u>233,405</u>	<u>-</u>	<u>(44,047)</u>	<u>189,358</u>	<u>47,981</u>
Total governmental activities long-term liabilities	<u><u>\$ 738,837</u></u>	<u><u>\$ 36,879</u></u>	<u><u>\$ (126,712)</u></u>	<u><u>\$ 649,004</u></u>	<u><u>\$ 57,372</u></u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Sick leave will be paid from the fund from which the employee is paid, which is primarily the general fund, adult education fund, adult basic education fund (a nonmajor governmental fund) and the food service fund (a nonmajor governmental fund).

B. Legal Debt Margin

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 code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$218,856,614 and an unvoted debt margin of \$2,431,740.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2010, the District contracted with Indiana Insurance Company for property and general liability insurance. Indiana Insurance Company also covers commercial property, crime, inland marine, and boiler and machinery with a blanket \$268,085,154 insured value and a \$1,000 deductible.

Professional liability is provided by the Ohio School Plan with \$2,000,000 single occurrence and a \$5,000,000 aggregate limit and no deductible. Vehicles are covered by Indiana Insurance Company with comprehensive coverage and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Settled claims have not exceeded this commercial coverage in any of the last three years and there have been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

For fiscal year 2010, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as on experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the group 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 GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences and Retirement Incentive

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per year, depending on the length of service. Vacation days are credited to the classified employees on September 1 of each year. Vacation cannot be carried forward. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave can be accumulated to a maximum of 207 days. Upon retirement, payment is made for 28 percent of the total sick leave accumulation, up to a maximum accumulation of 58 days severance pay at the daily rate of the employee.

B. Health Care Benefits

Effective October 1, 2002, the District formed the East Ohio Schools Employees Insurance Consortium as a charter member with two other local Districts. For certified and classified employees the Consortium provides medical/surgical coverage which is 100% in-network and 80% out-of-network paid for reasonable and customary charges. Major medical expense coverage includes a \$100 individual deductible and a \$200 family deductible. There is a \$200 individual out-of-pocket maximum and a \$400 family out-of-pocket maximum for in-network expenses and a \$700 individual out-of-pocket maximum and a \$900 family out-of-pocket maximum for out-of-network expenses. A third party administrator, Klais & Company, Inc. of Akron, Ohio reviews all claims which are paid by the Consortium. The Consortium purchases stop-loss coverage of \$100,000 per individual from Excess Benefits, Inc. The District also provides dental, vision and prescription coverage through the Consortium. The premiums are paid per the following, the employees pay \$50 per month for family and \$20 per month for individual, and the District pays the remainder, for full-time employees. The premium is paid by the fund that pays the salary of the employee.

Total required monthly premiums for coverage are as follows:

	<u>Family</u>	<u>Individual</u>
Medical/Surgical	\$ 1,108.95	\$ 443.58
Dental	77.89	31.15
Vision	18.72	7.50
Prescription	284.09	113.53

C. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Klais & Co. and Fort Dearborn Life in the amount of \$50,000.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$187,905, \$124,899 and \$128,068, respectively; 100 percent has been contributed for fiscal years 2010 and, 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 13 - PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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 - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$760,841, \$790,476 and \$783,702, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$8,807 made by the District and \$6,290 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The 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 District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$27,768, \$85,123 and \$87,022, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$11,174, \$10,305 and \$9,228, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$58,526, \$60,806 and \$60,285, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While 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 is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures, and changes in fund balance - budget (non-GAAP) and actual presented for the general fund and adult education fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis), and,
- (e) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and the adult education fund are as follows:

	Net Change in Fund Balance	
	<u>General Fund</u>	<u>Adult Education</u>
Budget basis	\$ 795,058	\$ 624,026
Net adjustment for revenue accruals	(153,409)	-
Net adjustment for expenditure accruals	(516,642)	(40,627)
Net adjustment for other sources/uses	(22,758)	-
Adjustment for encumbrances	<u>73,409</u>	<u>8,904</u>
GAAP basis	<u>\$ 175,658</u>	<u>\$ 592,303</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

NOTE 17 - STATUTORY RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on statutory formula for the purchase of textbooks and other instruction materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end and carried forward to be used for same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. At June 30, 2010, only the unspent portion of certain workers' compensation refunds continues to be set aside, with the remainder reverting to the general fund.

The following cash basis information describes the change in the fiscal year end set-aside amount for textbooks, capital acquisitions, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Maintenance/ Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2009	\$ (6,973,537)	\$ 132,249	\$ 41,084
Current year set-aside requirement	154,258	154,258	-
Current year offsets	-	(400,848)	-
Qualifying disbursements	<u>(1,133,372)</u>	<u>(106,737)</u>	<u>-</u>
Total	<u>\$ (7,952,651)</u>	<u>\$ (221,078)</u>	<u>\$ 41,084</u>
Balance carried forward to fiscal year 2011	<u>\$ (7,952,651)</u>	<u>\$ -</u>	<u>\$ 41,084</u>

The District had offsets and qualifying disbursements during the fiscal year that reduced the instructional materials set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years.

Although the District had qualifying disbursements and offsets during the year that reduced the capital acquisition set-aside amount to below zero, this extra amount may not be carried forward to future years.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 17 - STATUTORY RESERVES - (Continued)

A schedule of the governmental fund restricted assets at June 30, 2010 follows:

Amount restricted for budget stabilization	<u>\$ 41,084</u>
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BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY

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

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	EXPENDITURES	NON-CASH EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Program):						
National School Lunch Program	N/A	10.555		\$10,035		\$10,035
Cash Assistance:						
School Breakfast Program	N/A	10.553	\$29,842		\$29,842	
National School Lunch Program	N/A	10.555	149,229		149,229	
Total U.S. Department of Agriculture-Child Nutrition Cluster			179,071	10,035	179,071	10,035
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct Grant:</i>						
Federal Pell Grant Program	N/A	84.063	676,770		676,770	
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - Basic Grants to States	051656-ABS1-2009	84.002	2,486		132	
	051656-ABS1-2010		221,606		207,690	
			224,092		207,822	
Even Start - State Educational Agencies	051656-EVS1-2009	84.213	2,883		6,900	
Career and Technical Education - Basic Grants to States	051656-20C1-2009	84.048	118,640		85,496	
	051656-20C1-2010		444,450		447,440	
			563,090		532,936	
Safe and Drug-Free Schools and Communities - State Grants	051656-DRS1-2010	84.186	1,775		1,775	
Innovative Education Program Strategies	051656-C2S1-2009	84.298	777		0	
Improving Teacher Quality State Grants	051656-TRS1-2010	84.367	6,136		6,136	
Total Passed Through Ohio Department of Education			798,753		755,569	
Total			\$1,654,594	\$10,035	\$1,611,410	\$10,035

The notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this statement.

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Buckeye Joint Vocational School District's (the District's) federal award programs' receipts and expenditures. 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 DISTRIBUTION

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.



Mary Taylor, CPA

Auditor of State

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

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive, NE
New Philadelphia, Ohio 44621

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Buckeye Joint Vocational School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2010-002.

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

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

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

Mary Taylor, CPA
Auditor of State

November 29, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive, NE
New Philadelphia, Ohio 44663

To the Board of Education:

Compliance

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

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

In our opinion, Buckeye Joint Vocational School District, Tuscarawas County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated November 29, 2010.

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



Mary Taylor, CPA
Auditor of State

November 29, 2010

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other 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)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Federal Pell Grant Program – CFDA #84.063
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2010-001

Material Weakness

The Adult Education Department (the Department) offers several adult education programs. Tuition for the adult education classes is due at the beginning of each semester. Invoices are sent periodically throughout the year to students who have an outstanding balance. If a student still does not pay the outstanding balance, the student is expelled from the program. The Department continues sending invoices to the student until the end of the school year in an attempt to collect their outstanding balance. After the end of the school year, the Department no longer attempts to collect the outstanding balance. Previously, the outstanding balances were sent to a collection agency. However, the Department no longer utilizes this practice. Also, upon review of the Department's Aged Receivables Report, there are outstanding accounts dating back to July 15, 2003. Secondly, this report is not updated on a timely basis, which resulted in duplicate accounts and students that had dropped out. Since the system generated report is not updated timely, the District attempted to complete a receivables listing as of June 30, 2010, which showed a receivables balance of \$125,745. However, as a result audit procedures performed over accounts receivable, the Adult Education Department's tuition receivable was understated \$140,358.

The District initially records federal Pell Grant monies in the Agency – Pell Grant Fund (Fund No. 022) pursuant to Auditor of State Bulletin 88-31. A check is then generated to move the money into the Special Revenue – Adult Education Fund (Fund No. 014). For gaap reporting purposes, the District reclassifies the Agency – Pell Grant Fund to a Special Revenue Fund. This results in a duplication of receipts and expenditures on the District's financial statements. To correct this duplication of receipts and expenditures, an adjustment was made totaling \$676,770 to remove the activity within the Agency – Pell Grant Fund.

The Department should review the Aged Receivables Report on a monthly basis and eliminate any duplicate students or withdrawn/expelled students. Board of Education approval should be obtained in order to remove all long outstanding balances from the report. A policy should be adopted by the Board of Education outlining the process of collecting and writing-off outstanding balances. This will help ensure the Department receives tuition money due to them in a timely manner.

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

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the District Treasurer and Board of Education, to identify and correct errors and omissions.

The financial statements have been adjusted accordingly.

Officials' Response: The client has elected not to respond to the finding noted above.

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

FINDING NUMBER 2010-002

Finding for Recovery/Repaid Under Audit

The **Buckeye Joint Vocational School District's Expense Reimbursement Policy** approved on December 17, 2002 states that personnel and officials who incur expenses in carrying out their authorized duties will be reimbursed by the District upon submission of a properly filled out and approved voucher with such supporting receipts as required by the business manager. Such expenses may be approved and incurred in line with budgetary allocations for the specific type of expense.

When official travel by personally owned vehicle has been authorized, mileage payment will be made at the rate currently approved by the Board of Education and within the limitations of state law.

A traveler on official school business will be expected to exercise the same care in incurring expenses that a prudent person would exercise in traveling on personal business. Excessive costs, such as those caused by circuitous routes or luxury services or accommodations, will not be considered prudent, nor will they be accepted.

The following regulations relate to travel and other types of reimbursable expenses:

2. Transportation: All modes of transportation will be authorized consistent with the requirements of the assignment and the efficient and economic conduct of the official business. Travel will be by the most direct route.

In addition, the **Superintendent's Contract Section 14 (Expenses)** indicates that the Board shall reimburse the Superintendent for all actual and necessary travel and other expenses required in the performance of the official duties during the employment under this contract subject to such limitations as provided by law and by Board policy.

For the period July 2007 to June 2010, mileage claimed by the Superintendent was found to be excessive. Excessive mileage was reimbursed as follows:

Mileage Claimed	Reimbursable Mileage	Excess Mileage	Reimbursement Rate	Excess Reimbursement
4,103	3,679	424	\$0.485	\$206
7,651	7,154	497	0.55	273
1,632	1,565	67	0.585	39
			Total	\$518

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Paul Hickman in the amount of \$518, and in favor of the Buckeye Joint Vocational School District's General Fund, in the amount of \$518.

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

FINDING NUMBER 2010-002 (Continued)

Finding for Recovery/Repaid Under Audit (Continued)

The Superintendent remitted the \$518 in two separate payments to the District: Receipt No. 97238 dated January 25, 2011 for \$42.24 and receipt No. 97464 dated February 17, 2011 for \$475.76.

Officials' Response: As of the issuance of this letter, the Superintendent has paid the full amount of this finding to the District's Treasurer and the Board is actively engaged in revising its current travel reimbursement policy based upon the recommendation in the audit report.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2009-001	Adult Education Receivables and Financial Reporting – The District failed to properly capture accounts receivable for the Adult Education Department.	No	Not Corrected. See Finding Number 2010-001.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive NE
New Philadelphia, Ohio 44663

To the Board Members:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on January 19, 2010.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

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

3. We noted the Board updated its policy to apply to violence within a dating relationship by September 28, 2010, as required by Ohio Rev. Code 3313.666(G).

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

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



Mary Taylor, CPA
Auditor of State

November 29, 2010



Dave Yost • Auditor of State

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT

TUSCARAWAS 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 10, 2011**