

Mary Taylor, CPA
Auditor of State

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Special Revenue - Adult Education Fund	20
Statement of Fiduciary Net Assets Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets Fiduciary Funds	22
Notes to the Basic Financial Statements	23
Federal Awards Receipts and Expenditures Schedule.....	49
Notes to the Federal Awards Receipts and Expenditures Schedule	50
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	51
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	53
Schedule of Findings.....	55

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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, 2008, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Joint Vocational School District, Tuscarawas County, Ohio, as of June 30, 2008, 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 January 14, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by 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. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. 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

January 14, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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, 2008. 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 2008 are as follows:

- In total, net assets of governmental activities increased \$595,787 which represents a 3.25% increase from 2007.
- General revenues accounted for \$11,177,516 in revenue or 76.30% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for 3,472,555 or 23.70% of total revenues of \$14,650,071.
- The District had \$14,054,284 in expenses related to governmental activities; \$3,472,555 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 \$11,177,516 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 \$11,480,493 in revenues and other financing sources and \$11,235,649 in expenditures and other financing uses. During fiscal year 2008, the general fund's fund balance increased \$244,844 from \$10,561,018 to \$10,805,862.
- The adult education fund had \$1,473,594 in revenues and \$1,378,262 in expenditures. During fiscal year 2008, the adult education fund's fund balance increased \$95,332 from \$342,665 to \$437,997.
- The building fund had \$616,529 in revenues and \$33,770 in expenditures. During fiscal year 2008, the building fund's fund balance increased \$582,759 from \$2,757,536 to \$3,340,295.

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, 2008

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 2008?" 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, 2008

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 2008 and 2007.

	Net Assets	
	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Assets</u>		
Current and other assets	\$ 20,353,879	\$ 19,397,436
Capital assets, net	<u>4,620,371</u>	<u>4,775,203</u>
Total assets	<u>24,974,250</u>	<u>24,172,639</u>
<u>Liabilities</u>		
Current liabilities	5,331,024	5,234,397
Long-term liabilities	<u>723,069</u>	<u>613,872</u>
Total liabilities	<u>6,054,093</u>	<u>5,848,269</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	4,500,153	4,731,758
Restricted	3,544,671	2,912,699
Unrestricted	<u>10,875,333</u>	<u>10,679,913</u>
Total net assets	<u>\$ 18,920,157</u>	<u>\$ 18,324,370</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$18,920,157. Of this total, \$10,875,333 is unrestricted in use.

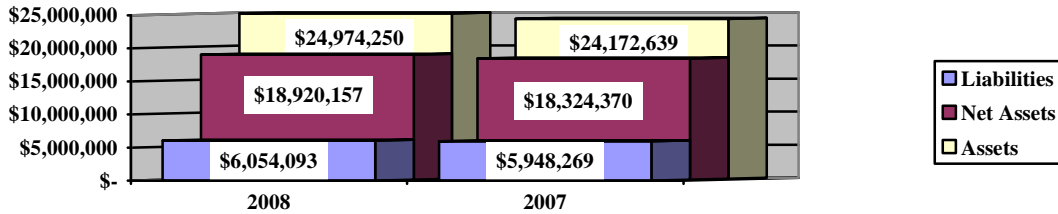
At year-end, capital assets represented 18.50% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District had \$4,500,153 invested in capital assets, net of related debt at June 30, 2008. These capital assets are used to provide services to the students and are not available for future spending.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

A portion of the District's net assets, \$3,544,671, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$10,875,333 may be used to meet the District's ongoing obligations to the students and creditors.

Governmental Activities



The table below shows the change in net assets for fiscal year 2008 and 2007.

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,720,743	\$ 1,844,252
Operating grants and contributions	1,751,812	1,935,730
General revenues:		
Property taxes	4,272,707	5,284,957
Grants and entitlements	6,200,768	5,999,121
Investment earnings	700,933	693,199
Other	<u>3,108</u>	<u>6,192</u>
 Total revenues	 <u>14,650,071</u>	 <u>15,763,451</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 1,346,140	\$ 1,336,508
Special	381,246	94,579
Vocational	6,015,011	6,394,316
Adult/continuing	1,482,364	1,614,678
Support services:		
Pupil	761,659	737,105
Instructional staff	647,868	583,479
Board of education	79,256	79,234
Administration	727,450	751,254
Fiscal	595,458	582,240
Operations and maintenance	1,421,147	1,391,244
Pupil transportation	11,052	17,102
Central	142,315	120,829
Food service operations	431,593	374,856
Operations of non-instructional services	926	36,476
Extracurricular activities	9,135	12,856
Interest and fiscal charges	<u>1,664</u>	<u>2,966</u>
Total expenses	<u>14,054,284</u>	<u>14,129,722</u>
Change in net assets	595,787	1,633,729
Net assets at beginning of year	<u>18,324,370</u>	<u>16,690,641</u>
Net assets at end of year	<u>\$ 18,920,157</u>	<u>\$ 18,324,370</u>

Governmental Activities

Net assets of the District's governmental activities increased \$595,787. Total governmental activities expenses of \$14,054,284 were offset by program revenues of \$3,472,555 and general revenues of \$11,177,516. Program revenues supported 24.71% of the total governmental activities expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 71.49% of total governmental activities revenue.

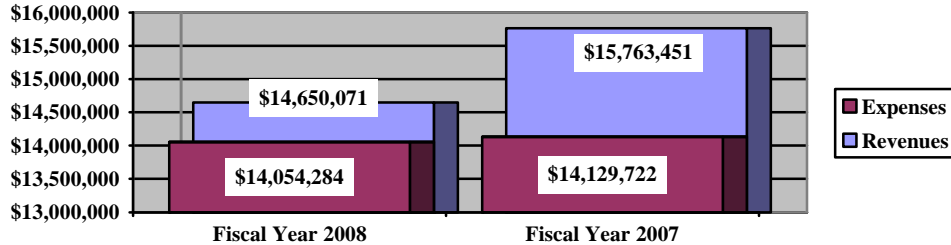
The largest expense of the District is for instructional programs. Instruction expenses totaled \$9,224,761 or 65.64% of total governmental activities expenses for fiscal 2008.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2008 and 2007.

Governmental Activities - Revenues and Expenses



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 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses				
Instruction:				
Regular	\$ 1,346,140	\$ 1,283,645	\$ 1,336,508	\$ 1,266,200
Special	381,246	336,017	94,579	48,289
Vocational	6,015,011	5,232,797	6,394,316	5,567,950
Adult/continuing	1,482,364	(7,498)	1,614,678	(27,722)
Support services:				
Pupil	761,659	545,176	737,105	522,745
Instructional staff	647,868	493,325	583,479	409,012
Board of education	79,256	79,256	79,234	79,234
Administration	727,450	726,200	751,254	740,896
Fiscal	595,458	380,521	582,240	263,661
Operations and maintenance	1,421,147	1,415,190	1,391,244	1,378,885
Pupil transportation	11,052	11,052	17,102	17,102
Central	142,315	112	120,829	(8,782)
Food service operations	431,593	76,528	374,856	43,358
Operations of non-instructional services	926	576	36,476	33,938
Extracurricular activities	9,135	7,168	12,856	12,008
Interest and fiscal charges	1,664	1,664	2,966	2,966
Total expenses	<u>\$ 14,054,284</u>	<u>\$ 10,581,729</u>	<u>\$ 14,129,722</u>	<u>\$ 10,349,740</u>

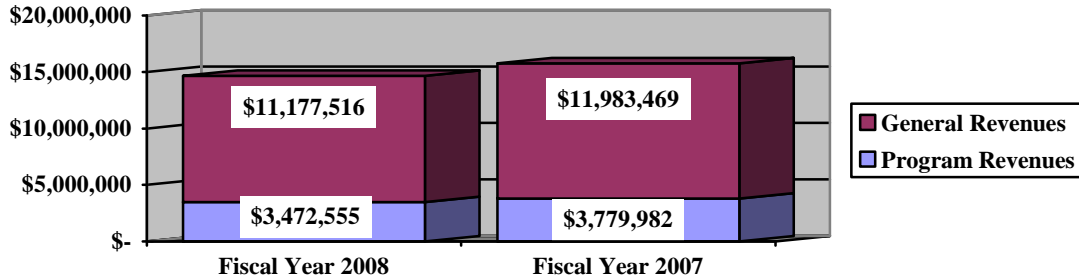
The dependence upon tax and other general revenues for governmental activities is apparent, 74.20% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 75.29%. The District's taxpayers and State funding are the primary 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, 2008**

The graph below presents the District's governmental activities revenue for fiscal year 2008 and 2007.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$14,606,345, which is higher than last year's total of \$13,725,754. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	<u>Fund Balance June 30, 2008</u>	<u>Fund Balance June 30, 2007</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$10,805,862	\$10,561,018	\$ 244,844	2.32 %
Adult Education	437,997	342,665	95,332	27.82 %
Building	3,340,295	2,757,536	582,759	21.13 %
Other Governmental	<u>22,191</u>	<u>64,535</u>	<u>(42,344)</u>	65.61 %
Total	<u>\$14,606,345</u>	<u>\$13,725,754</u>	<u>\$ 880,591</u>	6.42 %

General Fund

The District's general fund balance remained relatively stable, with an increase in fund balance of \$244,844. Tax revenue decreased \$559,466 or 12.39% from the prior year. This decrease was primarily attributable to the phase out of tangible personal property tax revenue. Intergovernmental revenue increased \$180,993 or 2.82% 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 2007 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 natural gas costs.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,956,165	\$ 4,515,631	\$ (559,466)	(12.39) %
Earnings on investments	596,550	557,300	39,250	7.04 %
Charges for services	213,429	225,309	(11,880)	(5.27) %
Intergovernmental	6,589,580	6,408,587	180,993	2.82 %
Other revenues	<u>22,384</u>	<u>26,801</u>	<u>(4,417)</u>	(16.48) %
 Total	 <u>\$ 11,378,108</u>	 <u>\$ 11,733,628</u>	 <u>\$ (355,520)</u>	 (3.03) %
<u>Expenditures</u>				
Instruction	\$ 7,360,624	\$ 7,168,041	\$ 192,583	2.69 %
Support services	3,655,025	3,384,472	270,553	7.99 %
Capital outlay	102,385	-	102,385	100.00 %
Extracurricular activities	4,339	11,376	(7,037)	(61.86) %
Debt service	<u>27,276</u>	<u>27,276</u>	<u>-</u>	- %
 Total	 <u>\$ 11,149,649</u>	 <u>\$ 10,591,165</u>	 <u>\$ 558,484</u>	 5.27 %

Adult Education Fund

The adult education fund had \$1,473,594 in revenues and \$1,378,262 in expenditures. During fiscal year 2008, the adult education fund's fund balance increased \$95,332 from \$342,665 to \$437,997.

Building Fund

The building fund had \$616,529 in revenues and \$33,770 in expenditures. During fiscal year 2008, the building fund's fund balance increased \$582,759 from \$2,757,536 to \$3,340,295.

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 2008, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$11,510,940 and final budgeted revenues and other financing sources were \$11,539,828. Actual revenues and other financing sources for fiscal 2008 was \$11,672,698. This represents a \$132,870 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$11,028,810 were increased to \$11,947,539 in the final appropriated budget due to increased utility and maintenance costs. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$11,221,397, which was \$726,142 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the District had \$4,620,371 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 2008 balances compared to 2007:

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

	Governmental Activities	
	2008	2007
Land	\$ 422,550	\$ 422,550
Land improvements	25,940	29,155
Building and improvements	2,315,948	2,362,588
Furniture and equipment	1,794,281	1,866,646
Vehicles	61,652	94,264
Total	\$ 4,620,371	\$ 4,775,203

The overall decrease in capital assets of \$154,832 is due to depreciation expense of \$504,077 and disposals of \$22,373 (net of accumulated depreciation) exceeding capital outlays of \$371,618 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, 2008 the District had \$120,218 in capital lease obligations outstanding. Of this total, \$35,181 is due within one year and \$85,037 is due within greater than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2008	2007
Capital lease obligations	\$ 120,218	\$ 43,445
Total	\$ 120,218	\$ 43,445

See Note 11 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, 2008**

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 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 2012. 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 Districts 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 revenue is based upon enrollment, which can not be controlled by the District. 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, 2008

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 15,019,797
Receivables:	
Taxes	4,766,409
Accounts	1,900
Intergovernmental	56,172
Accrued interest	65,830
Prepayments	18,389
Prepaid rent.	321,083
Materials and supplies inventory	104,299
Capital assets:	
Land	422,550
Depreciable capital assets, net	4,197,821
Capital assets, net.	4,620,371
 Total assets.	 24,974,250
Liabilities:	
Accounts payable.	109,568
Accrued wages and benefits	920,256
Pension obligation payable.	120,679
Intergovernmental payable	47,353
Unearned revenue	4,047,726
Accrued vacation leave payable	85,442
Long-term liabilities:	
Due within one year.	176,749
Due within more than one year	546,320
 Total liabilities	 6,054,093
Net Assets:	
Invested in capital assets, net of related debt	4,500,153
Restricted for:	
Capital projects	3,363,750
Federally funded programs	28,893
Public school support	11,134
Other purposes	140,894
Unrestricted.	10,875,333
 Total net assets	 \$ 18,920,157

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, 2008

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 1,346,140	\$ -	\$ 62,495	\$ (1,283,645)
Special	381,246	-	45,229	(336,017)
Vocational	6,015,011	264,684	517,530	(5,232,797)
Adult/continuing	1,482,364	1,141,616	348,246	7,498
Support services:				
Pupil.	761,659	-	216,483	(545,176)
Instructional staff	647,868	73,280	81,263	(493,325)
Board of education	79,256	-	-	(79,256)
Administration.	727,450	1,250	-	(726,200)
Fiscal.	595,458	-	214,937	(380,521)
Operations and maintenance	1,421,147	-	5,957	(1,415,190)
Pupil transportation	11,052	-	-	(11,052)
Central.	142,315	17,671	124,532	(112)
Operation of non-instructional services:				
Food service operations.	431,593	219,925	135,140	(76,528)
Other non-instructional services	926	350	-	(576)
Extracurricular activities	9,135	1,967	-	(7,168)
Interest and fiscal charges.	1,664	-	-	(1,664)
Total governmental activities	<u>\$ 14,054,284</u>	<u>\$ 1,720,743</u>	<u>\$ 1,751,812</u>	<u>(10,581,729)</u>
General Revenues:				
Property taxes levied for:				
General purposes				3,870,345
Capital projects				402,362
Grants and entitlements not restricted to specific programs.				6,200,768
Investment earnings				700,933
Miscellaneous				3,108
Total general revenues				<u>11,177,516</u>
Change in net assets				595,787
Net assets at beginning of year.				<u>18,324,370</u>
Net assets at end of year				<u>\$ 18,920,157</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Adult Education	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments.	\$ 10,936,292	\$ 458,417	\$ 3,301,345	\$ 182,849	\$ 14,878,903
Receivables:					
Taxes.	4,339,508	-	426,901	-	4,766,409
Accounts	10	-	-	1,890	1,900
Intergovernmental	-	-	-	56,172	56,172
Accrued interest	65,830	-	-	-	65,830
Interfund loans	94,533	-	-	-	94,533
Prepayments.	18,007	-	-	382	18,389
Prepaid rent.	321,083	-	-	-	321,083
Materials and supplies inventory	96,868	-	-	7,431	104,299
Restricted assets:					
Equity in pooled cash and cash equivalents	140,894	-	-	-	140,894
Total assets	<u>\$ 16,013,025</u>	<u>\$ 458,417</u>	<u>\$ 3,728,246</u>	<u>\$ 248,724</u>	<u>\$ 20,448,412</u>
Liabilities:					
Accounts payable	\$ 94,754	\$ 3,217	\$ -	\$ 11,597	\$ 109,568
Accrued wages and benefits	868,116	10,715	-	41,425	920,256
Compensated absences payable	137,354	-	-	4,214	141,568
Pension obligation payable.	101,981	860	-	17,838	120,679
Intergovernmental payable.	38,999	5,628	-	2,726	47,353
Interfund loan payable	-	-	-	94,533	94,533
Unearned revenue.	3,683,230	-	364,496	-	4,047,726
Deferred revenue.	282,729	-	23,455	54,200	360,384
Total liabilities	<u>5,207,163</u>	<u>20,420</u>	<u>387,951</u>	<u>226,533</u>	<u>5,842,067</u>
Fund Balances:					
Reserved for encumbrances	29,150	2,708	-	2,417	34,275
Reserved for materials and supplies inventory.	96,868	-	-	7,431	104,299
Reserved for prepayments	339,090	-	-	382	339,472
Reserved for property tax unavailable for appropriation	396,258	-	38,950	-	435,208
Reserved for budget stabilization.	41,084	-	-	-	41,084
Reserved for capital acquisition.	99,810	-	-	-	99,810
Unreserved, undesignated, reported in:					
General fund	9,803,602	-	-	-	9,803,602
Special revenue funds.	-	435,289	-	11,961	447,250
Capital projects funds.	-	-	3,301,345	-	3,301,345
Total fund balances	<u>10,805,862</u>	<u>437,997</u>	<u>3,340,295</u>	<u>22,191</u>	<u>14,606,345</u>
Total liabilities and fund balances	<u>\$ 16,013,025</u>	<u>\$ 458,417</u>	<u>\$ 3,728,246</u>	<u>\$ 248,724</u>	<u>\$ 20,448,412</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, 2008

Total governmental fund balances		\$	14,606,345
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,620,371
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	283,475	
Intergovernmental revenue		54,200	
Accrued interest		22,709	
Total			360,384
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Sick leave obligation		(461,283)	
Accrued vacation leave payable		(85,442)	
Capital lease obligation		(120,218)	
Total			(666,943)
Net assets of governmental activities		\$	18,920,157

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, 2008

	<u>General</u>	<u>Adult Education</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 3,956,165	\$ -	\$ 420,571	\$ -	\$ 4,376,736
Tuition.	-	1,152,737	-	-	1,152,737
Charges for services.	213,429	-	-	219,925	433,354
Earnings on investments.	596,550	-	114,164	583	711,297
Classroom materials and fees	-	52,674	-	50,890	103,564
Other local revenues.	20,779	9,850	-	3,567	34,196
Intergovernmental - Intermediate	1,605	-	-	-	1,605
Intergovernmental - State.	6,589,580	258,008	81,794	34,486	6,963,868
Intergovernmental - Federal	-	325	-	995,277	995,602
Total revenue	<u>11,378,108</u>	<u>1,473,594</u>	<u>616,529</u>	<u>1,304,728</u>	<u>14,772,959</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,291,791	-	-	61,481	1,353,272
Special.	336,720	-	-	44,526	381,246
Vocational.	5,732,113	1,174	-	86,088	5,819,375
Adult/continuing.	-	1,294,121	-	171,057	1,465,178
Support services:					
Pupil.	563,797	-	-	216,133	779,930
Instructional staff	495,125	82,967	-	69,438	647,530
Board of education	79,256	-	-	-	79,256
Administration.	719,898	-	-	3,048	722,946
Fiscal	369,538	-	10,503	215,314	595,355
Operations and maintenance.	1,408,346	-	-	5,957	1,414,303
Pupil transportation	1,394	-	-	-	1,394
Central.	17,671	-	-	124,644	142,315
Operation of non-instructional services:					
Food service operations	-	-	-	429,664	429,664
Other non-instructional services	-	-	-	926	926
Extracurricular activities.	4,339	-	-	4,796	9,135
Facilities acquisition and construction	-	-	23,267	-	23,267
Capital outlay.	102,385	-	-	-	102,385
Debt service:					
Principal retirement	25,612	-	-	-	25,612
Interest and fiscal charges	1,664	-	-	-	1,664
Total expenditures	<u>11,149,649</u>	<u>1,378,262</u>	<u>33,770</u>	<u>1,433,072</u>	<u>13,994,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>228,459</u>	<u>95,332</u>	<u>582,759</u>	<u>(128,344)</u>	<u>778,206</u>
Other financing sources (uses):					
Transfers in	-	-	-	86,000	86,000
Transfers (out).	(86,000)	-	-	-	(86,000)
Capital lease transactions.	102,385	-	-	-	102,385
Total other financing sources (uses)	<u>16,385</u>	<u>-</u>	<u>-</u>	<u>86,000</u>	<u>102,385</u>
Net change in fund balances	244,844	95,332	582,759	(42,344)	880,591
Fund balances at beginning of year.	<u>10,561,018</u>	<u>342,665</u>	<u>2,757,536</u>	<u>64,535</u>	<u>13,725,754</u>
Fund balances at end of year.	<u>\$ 10,805,862</u>	<u>\$ 437,997</u>	<u>\$ 3,340,295</u>	<u>\$ 22,191</u>	<u>\$ 14,606,345</u>

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, 2008

Net change in fund balances - total governmental funds \$ 880,591

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 outlay in the current period.

Capital asset additions	\$	371,618	
Current year depreciation		(504,077)	
Total		(132,459)	(132,459)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net assets. (22,373)

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

Taxes		(104,029)	
Accrued interest		(10,364)	
Intergovernmental revenue		(8,495)	
Total		(122,888)	(122,888)

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. 25,612

Proceeds of lease transactions are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets. (102,385)

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		66,714	
Accrued vacation leave payable		2,975	
Total		69,689	69,689

Change in net assets of governmental activities \$ 595,787

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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 4,223,737	\$ 4,234,337	\$ 4,247,484	\$ 13,147
Charges for services	207,102	207,622	213,419	5,797
Earnings on investments.	454,631	455,772	552,014	96,242
Other local revenues.	22,895	22,952	24,202	1,250
Intergovernmental - Intermediate.	-	-	1,605	1,605
Intergovernmental - State	6,558,293	6,574,752	6,589,580	14,828
Total revenue	<u>11,466,658</u>	<u>11,495,435</u>	<u>11,628,304</u>	<u>132,869</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,291,843	1,334,285	1,288,689	45,596
Special.	371,218	373,718	342,253	31,465
Vocational.	4,981,870	5,790,157	5,641,496	148,661
Support services:				
Pupil.	571,255	585,329	543,385	41,944
Instructional staff	526,491	501,491	496,752	4,739
Board of education	100,000	103,000	76,192	26,808
Administration.	769,690	771,690	710,651	61,039
Fiscal	404,621	405,621	366,021	39,600
Operations and maintenance.	1,608,822	1,588,823	1,389,316	199,507
Pupil transportation	33,000	13,000	1,394	11,606
Central.	17,000	17,671	17,671	-
Operation of non-instructional services:				
Other non-instructional services	3,000	3,000	-	3,000
Extracurricular activities	-	10,520	4,400	6,120
Facilities acquisition and construction.	-	174,889	172,843	2,046
Total expenditures	<u>10,678,810</u>	<u>11,673,194</u>	<u>11,051,063</u>	<u>622,131</u>
Excess of revenues over (under) expenditures.	<u>787,848</u>	<u>(177,759)</u>	<u>577,241</u>	<u>755,000</u>
Other financing sources (uses):				
Transfers (out)	(100,000)	(100,000)	(86,000)	14,000
Advances in.	44,282	44,393	44,394	1
Advances (out)	(250,000)	(174,345)	(84,334)	90,011
Total other financing sources (uses)	<u>(305,718)</u>	<u>(229,952)</u>	<u>(125,940)</u>	<u>104,012</u>
Net change in fund balance	482,130	(407,711)	451,301	859,012
Fund balance at beginning of year.	10,576,289	10,576,289	10,576,289	-
Prior year encumbrances appropriated	26,948	26,948	26,948	-
Fund balance at end of year	<u>\$ 11,085,367</u>	<u>\$ 10,195,526</u>	<u>\$ 11,054,538</u>	<u>\$ 859,012</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Tuition.	\$ 1,208,242	\$ 1,137,304	\$ 1,152,737	\$ 15,433
Classroom materials and fees.	55,248	52,004	52,674	670
Intergovernmental - Intermediate.	10,464	9,850	9,850	-
Intergovernmental - State	274,101	258,008	258,008	-
Intergovernmental - Federal.	345	325	325	-
Total revenue	<u>1,548,400</u>	<u>1,457,491</u>	<u>1,473,594</u>	<u>16,103</u>
Expenditures:				
Current:				
Instruction:				
Vocational.	2,700	2,700	798	1,902
Adult/continuing.	1,507,598	1,465,087	1,299,885	165,202
Support services:				
Instructional staff	84,721	84,721	82,978	1,743
Total expenditures	<u>1,595,019</u>	<u>1,552,508</u>	<u>1,383,661</u>	<u>168,847</u>
Net change in fund balance	(46,619)	(95,017)	89,933	184,950
Fund balance at beginning of year.	348,184	348,184	348,184	-
Prior year encumbrances appropriated	17,517	17,517	17,517	-
Fund balance at end of year	<u>\$ 319,082</u>	<u>\$ 270,684</u>	<u>\$ 455,634</u>	<u>\$ 184,950</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, 2008

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 90,052	\$ 39,026
Receivables:		
Accrued interest.	597	-
Total assets.	90,649	\$ 39,026
Liabilities:		
Accounts payable.	-	\$ 539
Intergovernmental payable.	-	115
Deferred revenue.	580	-
Due to students	-	38,372
Total liabilities	580	\$ 39,026
Net Assets:		
Held in trust for scholarships	90,069	
Total net assets	\$ 90,069	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Private-Purpose Trust	
	<u>Scholarship</u>	
Additions:		
Interest	\$	4,174
Deductions:		
Scholarships awarded		3,174
Change in net assets		1,000
Net assets at beginning of year.		<u>89,069</u>
Net assets at end of year	\$	<u><u>90,069</u></u>

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, 2008**

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Buckeye Joint Vocational School District (the "District") is a Joint Vocational School District as 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 87 certified employees and 27 non-certified employees who provide services to 3,679 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). The following organizations are described due to their relationship to the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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, Holmes, Jefferson, 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 \$23,279 to OME-RESA during fiscal year 2008 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 coverages 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, 2008

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, 2008**

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 Non-exchange 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, 2008

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, 2008, but which were levied to finance fiscal year 2009 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, 2008 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 fair value of donated commodities used 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 alternative 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 object 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, 2008

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 is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate 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 final Certificate of Estimated Resources in effect at the time the final appropriations were passed.

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 saying no new Certificate is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the object 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, 2008**

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

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

During fiscal year 2008, 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, 2008.

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 2008 amounted to \$596,550.

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 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. Interest incurred during the construction of capital assets is also capitalized.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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>	<u>Governmental Activities 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, 2008, 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, 2008**

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, capital acquisitions 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 and capital acquisitions.

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, 2008**

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 and capital acquisition reserve. A schedule of statutory reserves and detail on the District's restricted assets is presented in Note 18.

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 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 13) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 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, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Food Service	\$ 20,321
Miscellaneous State Grants	8,000
Adult Basic Education Grant	5,493
Vocational Education	13,023
Title II A	200

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances in the food service, adult basic education grant and title II A resulted from adjustments for accrued liabilities. The deficit fund balances in the miscellaneous state grants and vocational education funds resulted from both the reporting of short-term interfund loans as a fund liability rather than as an other financing source and adjustments for accrued liabilities. 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, 2008**

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, 2008, the carrying amount of all District deposits was \$6,144,391. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$5,798,192 of the District's bank balance of \$6,185,092 was exposed to custodial risk as discussed below, while \$386,900 was covered by the Federal Deposit Insurance Corporation.

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, 2008

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, 2008, 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	\$ 1,001,767	\$ 1,001,767	\$ -	\$ -	\$ -	\$ -
FHLMC	1,489,215	-	-	-	-	1,489,215
FHLB	3,993,595	503,905	-	-	502,345	2,987,345
FNMA	2,519,907	1,070,594	-	251,563	1,197,750	-
	<u>\$ 9,004,484</u>	<u>\$ 2,576,266</u>	<u>\$ -</u>	<u>\$ 251,563</u>	<u>\$ 1,700,095</u>	<u>\$ 4,476,560</u>

The weighted average maturity of investments is 1.70 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, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 1,001,767	11.13
FHLMC	1,489,215	16.54
FHLB	3,993,595	44.35
FNMA	2,519,907	27.98
	<u>\$ 9,004,484</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, 2008

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, 2008:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 6,144,391
Investments	<u>9,004,484</u>
Total	<u>\$ 15,148,875</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 15,019,797
Private-purpose trust fund	90,052
Agency fund	<u>39,026</u>
Total	<u>\$ 15,148,875</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund loans receivable/payable consisted of the following at June 30, 2008, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 94,533

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, 2008 are reported on the statement of net assets.

- B.** Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 86,000

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, 2008**

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, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2006. For 2007, tangible personal property is assessed at 12.5% for property including inventory. This percentage will be reduced 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Tuscarawas, Guernsey, Carroll, Harrison, Stark, Holmes, Wayne and Coshocton Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 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.

The amount available as an advance at June 30, 2008 was \$396,258 in the general fund and \$38,950 in the building fund. These amounts have been recorded as revenue. The amount available as an advance at June 30, 2007 was \$687,577 in the general fund and \$83,202 in the building fund.

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

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

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,093,571,180	86.36	\$ 2,266,828,340	89.75
Public utility personal	118,077,820	4.87	108,320,170	4.29
Tangible personal property	<u>212,630,984</u>	<u>8.77</u>	<u>150,580,625</u>	<u>5.96</u>
Total	<u>\$ 2,424,279,984</u>	<u>100.00</u>	<u>\$ 2,525,729,135</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.80		\$2.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 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	\$ 4,766,409
Accounts	1,900
Intergovernmental	56,172
Accrued interest	<u>65,830</u>
Total receivables	<u>\$ 4,890,311</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, 2008

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/08</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	11,262,889	71,911	-	11,334,800
Furniture and equipment	5,267,426	299,707	(112,142)	5,454,991
Vehicles	<u>366,787</u>	<u>-</u>	<u>-</u>	<u>366,787</u>
Total capital assets, being depreciated	<u>17,737,358</u>	<u>371,618</u>	<u>(112,142)</u>	<u>17,996,834</u>
Less: accumulated depreciation:				
Land improvements	(811,101)	(3,215)	-	(814,316)
Buildings and improvements	(8,900,301)	(118,551)	-	(9,018,852)
Furniture and equipment	(3,400,780)	(349,699)	89,769	(3,660,710)
Vehicles	<u>(272,523)</u>	<u>(32,612)</u>	<u>-</u>	<u>(305,135)</u>
Total accumulated depreciation	<u>(13,384,705)</u>	<u>(504,077)</u>	<u>89,769</u>	<u>(13,799,013)</u>
Governmental activities capital assets, net	<u>\$ 4,775,203</u>	<u>\$ (132,459)</u>	<u>\$ (22,373)</u>	<u>\$ 4,620,371</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 12,132
Vocational	433,231
Adult/continuing education	17,914
Support Services:	
Pupil	1,047
Instructional staff	1,487
Administration	6,197
Operations and maintenance	17,814
Pupil transportation	9,658
Food service operations	<u>4,597</u>
Total depreciation expense	<u>\$ 504,077</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In the current year and 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 \$200,642. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2008 was \$79,018, leaving a current book value of \$121,624. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2008 totaled \$25,612 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, 2008:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2009	\$ 43,096
2010	24,912
2011	24,912
2012	24,912
2013	<u>24,913</u>
Total minimum lease payment	142,745
Less: amount representing interest	<u>(22,527)</u>
Total	<u>\$ 120,218</u>

NOTE 10 - OPERATING LEASE - LESSEE DISCLOSURE

During fiscal year 2007, the District entered into an operating lease with Tuscarawas-Carroll-Harrison Educational Service Center for the use of a building. This lease meets the criteria of an operating lease as defined by FASB Statement No. 13 “Accounting for Leases”. The lease payment is \$2,000 per month; however, the District has paid construction costs for the building and may use these costs as a credit against the rent payment. At June 30, 2008 the District had paid \$321,083 in construction costs. This amount is shown as prepaid rent on the statement of net assets. The District’s rent payments will not be due until the construction of the building is completed, which is expected to occur during fiscal year 2009.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 11 - LONG-TERM OBLIGATIONS

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

	Balance			Balance	Amounts
	<u>6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/08</u>	<u>Due in</u>
					<u>One Year</u>
Governmental Activities					
Sick leave	\$ 570,427	\$ 74,854	\$ (42,430)	\$ 602,851	\$ 141,568
Capital lease obligation	<u>43,445</u>	<u>102,385</u>	<u>(25,612)</u>	<u>120,218</u>	<u>35,181</u>
Total governmental activities long-term liabilities	<u>\$ 613,872</u>	<u>\$ 177,239</u>	<u>\$ (68,042)</u>	<u>\$ 723,069</u>	<u>\$ 176,749</u>

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 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, 2008, are a voted debt margin of \$213,479,398 and an unvoted debt margin of \$2,371,993.

NOTE 12 - 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 2008, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

For fiscal year 2008, 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.

A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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.

The District offered a retirement incentive for employees who submitted a formal letter of retirement resignation prior to April 1, 2008. Severance payment will increase from 28 percent of the total sick leave accumulation to 40 percent, up to a maximum accumulation of 83 days severance pay at the daily rate of the employee.

In fiscal year 2009, employees who submit a formal letter of retirement resignation prior to April 1, 2009 will receive a severance payment increase from 28 percent of the total sick leave accumulation to 35 percent, up to a maximum accumulation of 72 days severance pay at the daily rate of the employee.

Seven employees took advantage of the early retirement incentive in fiscal year 2008. A liability for the early retirement incentive payments has been recorded as a component of compensated absences in the fund financial statements for the amount expected to be liquidated with expendable available financial resources. The entire liability is recorded on the statement of net assets.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 13 - OTHER EMPLOYEE BENEFITS - (Continued)

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 Klais & Company. 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	\$ 961.21	\$ 384.48
Dental	72.59	29.03
Vision	15.07	6.04
Prescription	283.61	113.44

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.

NOTE 14 - 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 and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 *Forms and Publications*.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 14 - PENSION PLANS - (Continued)

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 2008, 9.16 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, 2008, 2007 and 2006 were \$128,068, \$142,530 and \$142,652, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

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.

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 2008, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 14 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$783,702, \$772,737 and \$761,736, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$4,958 made by the District and \$6,680 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2008, seven members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 15 - 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 and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. 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.

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 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$87,022, \$63,204 and \$54,947, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$9,228, \$9,692 and \$11,354, respectively; 100 percent has been contributed for fiscal year 2008, 2007 and 2006.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2008, 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, 2008, 2007, and 2006 were \$60,285, \$59,411 and \$58,595, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

NOTE 16 - 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),
- (e) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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	\$ 451,301	\$ 89,933
Net adjustment for revenue accruals	(250,196)	-
Net adjustment for expenditure accruals	(141,560)	2,616
Net adjustment for other sources/uses	142,325	-
Adjustment for encumbrances	<u>42,974</u>	<u>2,783</u>
GAAP basis	<u>\$ 244,844</u>	<u>\$ 95,332</u>

NOTE 17 - 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 18 - 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, 2008, only the unspent portion of certain workers' compensation refunds continues to be set aside, with the remainder reverting to the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 18 - STATUTORY RESERVES - (Continued)

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.

	Textbooks/ Instructional <u>Materials</u>	Capital Maintenance/ <u>Acquisition</u>	Budget <u>Stabilization</u>
Set-aside cash balance as of June 30, 2007	\$ (5,125,396)	\$ -	\$ 41,084
Current year set-aside requirement	138,705	138,705	-
Qualifying disbursements	<u>(1,031,282)</u>	<u>(38,895)</u>	<u>-</u>
Total	<u>\$ (6,017,973)</u>	<u>\$ 99,810</u>	<u>\$ 41,084</u>
Balance carried forward to FY 2009	<u>\$ (6,017,973)</u>	<u>\$ 99,810</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.

A schedule of the governmental fund restricted assets at June 30, 2008 follows:

Amount restricted for capital acquisition	\$ 99,810
Amount restricted for budget stabilization	<u>41,084</u>
Total restricted assets	<u>\$ 140,894</u>

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

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. DEPT. OF AGRICULTURE</u>						
<i>Passed Through State Department of Education:</i>						
Child Nutrition Cluster: School Breakfast Program	051656-05PU-2008	10.553	\$13,342		\$13,342	
National School Lunch Program	051656-05PU-2008	10.555	113,430		113,430	
Total Child Nutrition Cluster			126,772		126,772	
Food Distribution	N/A	10.550		\$7,992		\$7,992
Total U.S. Dept. of Agriculture			126,772	7,992	126,772	7,992
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct Grant:</i>						
Federal Pell Grant Program	N/A	84.063	210,177		210,177	
<i>Passed Through State Department of Education:</i>						
Adult Education/State Grant Program	051656-ABS1-2007	84.002	6,343		11,187	
Adult Education/State Grant Program	051656-ABS1-2008		189,651		192,454	
Even Start Grant	051656-EVS1-2007	84.213	27,112		33,308	
Vocational Education - Basic Grants to States	051656-20C1-2007 051656-20C1-2008	84.048	32,601 349,522		40,644 340,286	
Safe & Drug Free School	051656-DRS1-2008	84.186	2,242		2,242	
State Grants for Innovative Programs	051656-C2S1-2007 051656-C2S1-2008	84.298	1,271 2,691		2,691	
Improving Teacher Quality State Grant	051656-TRS1-2007 051656-TRS1-2008	84.367	3,522 5,957		5,957	
Total Passed Through Ohio Department of Education			620,912		628,769	
<i>Passed Through Gallia-Jackson-Vinton JVSD</i>						
Vocational Education - Basic Grants to States		84.048	48,136		48,136	
Total U.S. Department of Education			\$1,005,997	\$7,992	\$1,013,854	\$7,992

See Accompanying Notes to the Federal Awards Receipts and Expenditures Schedule

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

NOTE C – CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



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 44663

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 Buckeye Joint Vocational School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the District's management in a separate letter dated January 14, 2009.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated January 14, 2009.

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



Mary Taylor, CPA
Auditor of State

January 14, 2009



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 (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 apply to its major federal program for the year ended June 30, 2008. 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 each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Buckeye Joint Vocational School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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 did note a certain matter that we reported to the District's management in a separate letter dated January 14, 2009.

We intend this report solely for the information and use of the management, 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

January 14, 2009

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Vocational Education-Basic Grants to States, CFDA #84.048
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
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
FEBRUARY 12, 2009**