

Dave Yost • Auditor of State

**VAN BUREN LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Van Buren Local School
Hancock County
217 South Main Street
P.O. Box 229
Van Buren, Ohio 45889-0229

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Van Buren Local School District, Hancock County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

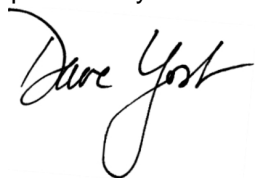
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Van Buren Local School District, Hancock County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with

Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Dave Yost
Auditor of State

May 11, 2011

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The discussion and analysis of Van Buren Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2009 were as follows:

Net assets for governmental activities increased \$1,825,878, or over 16 percent. This was the fifth year in a row that revenues have exceeded expenses.

General revenues were \$10,785,277 or over 88 percent of all governmental activities revenues and demonstrate the School District's significant dependence on property taxes and unrestricted State entitlements.

The School District continues to be a member of the Hancock County Schools Insurance Consortium Group Health Plan, which is a risk sharing insurance pool. During fiscal year 2009, the pool increased the base health insurance rates by 6 percent (rates increased by 15 percent in fiscal year 2008). As a result of the current increase, the Board of Education's share for monthly premiums for health, dental, vision, and life insurance increased from \$79,700/month to \$84,000/month.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Van Buren Local School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater 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 School District's most significant funds with all other nonmajor funds presented in total in a single column.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

In the statement of net assets and the statement of activities, all of the School District's activities are reflected as governmental activities. The programs and services reported here include instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues as well as unrestricted State entitlements.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's only major fund is the General Fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2009 and fiscal year 2008:

Table 1 Net Assets		Governmental Activities	
	2009	2008	Change
<u>Assets:</u>			
Current and Other Assets	\$13,895,824	\$13,765,165	\$130,659
Capital Assets, Net	14,865,617	14,382,608	483,009
Total Assets	<u>28,761,441</u>	<u>28,147,773</u>	<u>613,668</u>
<u>Liabilities:</u>			
Current and Other Liabilities	\$6,787,676	\$7,422,746	\$635,070
Long-Term Liabilities	9,046,016	9,623,156	577,140
Total Liabilities	<u>15,833,692</u>	<u>17,045,902</u>	<u>1,212,210</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	6,510,617	5,487,608	1,023,009
Restricted	1,111,208	1,345,383	(234,175)
Unrestricted	5,305,924	4,268,880	1,037,044
Total Net Assets	<u>\$12,927,749</u>	<u>\$11,101,871</u>	<u>1,825,878</u>

While there was an overall increase in net assets of over 16 percent, this increase is generally due to the increase in revenues over expenses which is not clearly evident from the changes in assets and liabilities reflected in the above table. The most significant change noted above is the increase in invested in

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

capital assets, an increase resulting from a combination of the acquisition of new assets as well as a reduction in debt (principal payments) for resources used to acquire assets.

Table 2 reflects the changes in net assets for fiscal year 2009 and fiscal year 2008:

Table 2
Changes in Net Assets

	Governmental Activities		Change
	2009	2008	
<u>Revenues:</u>			
Program Revenues			
Charges for Services	\$929,659	\$832,154	\$97,505
Operating Grants, Contributions, and Interest	414,404	471,507	(57,103)
Capital Grants and Contributions	59,725	58,200	1,525
Total Program Revenues	<u>1,403,788</u>	<u>1,361,861</u>	<u>41,927</u>
General Revenues			
Property Taxes	6,905,652	7,304,887	(399,235)
Payment in Lieu of Taxes	95,979	103,593	(7,614)
Grants and Entitlements not Restricted to Specific Programs	3,502,093	3,026,777	475,316
Interest	174,988	281,827	(106,839)
Gifts and Donations	15,623	29,629	(14,006)
Miscellaneous	90,942	106,108	(15,166)
Total General Revenues	<u>10,785,277</u>	<u>10,852,821</u>	<u>(67,544)</u>
Total Revenues	<u>12,189,065</u>	<u>12,214,682</u>	<u>(25,617)</u>
<u>Expenses:</u>			
Instruction:			
Regular	4,546,686	4,579,860	33,174
Special	980,127	779,516	(200,611)
Vocational	209,468	172,166	(37,302)
Support Services:			
Pupils	308,830	341,834	33,004
Instructional Staff	346,242	305,645	(40,597)
Board of Education	65,411	79,888	14,477
Administration	758,749	726,383	(32,366)
Fiscal	433,443	379,915	(53,528)
Operation and Maintenance of Plant	1,062,412	1,137,473	75,061
Pupil Transportation	464,763	521,253	56,490
Central	29,681	25,909	(3,772)
Non-Instructional Services	280,356	276,232	(4,124)
Extracurricular Activities	439,062	442,533	3,471
Interest and Fiscal Charges	437,957	457,888	19,931
Total Expenses	<u>10,363,187</u>	<u>10,226,495</u>	<u>(136,692)</u>
Increase in Net Assets	1,825,878	1,988,187	(162,309)
Net Assets at Beginning of Year	<u>11,101,871</u>	<u>9,113,684</u>	<u>1,988,187</u>
Net Assets at End of Year	<u>\$12,927,749</u>	<u>\$11,101,871</u>	<u>\$1,825,878</u>

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Program revenues were approximately 11 percent of total revenues for governmental activities, the same as the prior fiscal year. In general, program revenues consist of sales and charges for services such as tuition and fees, extracurricular activities/athletic event receipts, and cafeteria sales. Charges for services revenues increased almost 12 percent due to an increase in open enrollment. Operating grants and contributions and capital grants and contributions reflected as program revenues are restricted intergovernmental resources which are directly associated with certain governmental activities, such as special education funding and food service subsidies, as well as resources restricted for capital acquisitions.

General revenues made up 89 percent of the School District's total revenues, the same as last fiscal year. Over half of the School District's total revenues is made up of property taxes (57 percent). However, property tax revenues decreased due to the State's elimination of tangible personal property taxes. Much of this decrease, however, was offset by an increase in unrestricted grants and entitlements as the State is currently reimbursing school districts for this loss in tax revenue. The decrease in interest revenue reflects the current state of economic conditions. In total, revenues decreased slightly over 2 percent from the prior fiscal year.

Expenses remained very comparable to the prior fiscal year with an increase of only 1 percent. As to be expected, instruction programs are the School District's largest expense, accounting for 55 percent of all governmental activities expenses. Combined with the support services related to instruction such as pupils, instructional staff, operation and maintenance of plant, and pupil transportation, 76 percent of all of the School District's expenses are directly related to the functions of delivering education and maintaining facilities.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported primarily from tax revenues.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction:				
Regular	\$4,546,686	\$4,579,860	\$3,908,370	\$4,044,754
Special	980,127	779,516	696,377	431,230
Vocational	209,468	172,166	208,706	172,166
Support Services:				
Pupils	308,830	341,834	294,830	327,834
Instructional Staff	346,242	305,645	346,242	305,645
Board of Education	65,411	79,888	65,411	79,888
Administration	758,749	726,383	758,749	726,383
Fiscal	433,443	379,915	433,443	379,915
Operation and Maintenance of Plant	1,062,412	1,137,473	1,062,412	1,137,221
Pupil Transportation	464,763	521,253	439,916	500,672
Central	29,681	25,909	29,681	25,909

continued

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Non-Instructional Services	280,356	276,232	13,529	18,372
Extracurricular Activities	439,062	442,533	263,776	256,757
Interest and Fiscal Charges	437,957	457,888	437,957	457,888
Total Expenses	<u>\$10,363,187</u>	<u>\$10,226,495</u>	<u>\$8,959,399</u>	<u>\$8,864,634</u>

A review of the above table reveals a great deal of comparability between the two fiscal years. The table also demonstrates that only several of the School District's programs benefit significantly from program revenues. Approximately 95 percent of the non-instructional programs were covered by program revenues, which are almost entirely cafeteria operations. These revenues are made up of lunch sales and federal and state subsidies for cafeteria operations. About 40 percent of extracurricular activities costs are paid for through admission charges for athletic events as well as from music or drama productions.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Both revenues and expenditures remained very comparable to the prior fiscal year with only modest increases in both. The excess of revenues over expenditures in the General Fund balance led to a \$1.1 million increase in fund balance.

General Fund Budgeting Highlights

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

During fiscal year 2009, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget and from the final budget to actual revenues were not significant. The same can be said for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$14,865,617 invested in capital assets (net of accumulated depreciation) for governmental activities, an increase of just over 3 percent from the prior fiscal year. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2009, the School District had outstanding general obligation bonds, in the amount of \$8,569,524. These bonds will not be fully retired until fiscal year 2021. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 14 to the basic financial statements.

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Current Issues

The Van Buren Local School District is a rural school district located in northern Hancock County. The School District serves nine hundred eighty-three students and employs sixty-six teachers. The School District has historically received less than 10 percent of its total operating revenue from the State foundation formula for school funding. Rather, the School District receives the majority of its funding from its local tax base, which has a present assessed valuation of \$203,399,500. This valuation decreased over the past three years. Hopefully, this valuation will remain steady or possibly increase slightly as a new Home Depot warehouse is being constructed within the School District. Home Depot was granted ten-year 60 percent tax exemption on this project.

For the past several years, the School District's revenues have exceeded expenses. Lower valuations and other economic factors have slowed revenue. With increasing expenses, revenues are expected to parallel or fall below expenses for fiscal year 2010. An emergency levy was renewed in 2008 for four additional years and a five-year 4.5 mill operating levy and 1.5 mill permanent improvement levy was renewed in 2009. This funding is vital to the financial stability of the School District. Our student population has increased again for the 2010 school year, just as it has for the past several years. Our student population and open enrollment population will need to be monitored closely as well as the expansion of programs such as all-day every-day kindergarten as mandated by the new State, "Evidence Based Funding Model". This will result in additional staff being required and add additional strain to the budget.

The remainder of the current three-year contracts provide for a 3 percent in the base salary for the 2009-2010 school year and 2.5 percent in 2010-2011 school year for both the teaching staff and classified staff. Concessions were made by both unions to increase insurance premium contributions by staff on single coverage policies. Staffing levels will need to be monitored closely in that, if revenue sources continue to decline, staffing levels may need to be adjusted accordingly to meet contract obligations and State mandated programs.

Loss of tangible personal property tax continues to have a big effect on our budget. The elimination of this tax and the diminishing reimbursement from the State through 2018 could have a devastating effect on our School District. While the elimination of the County Road 99 TIF, estimated to end in 2012, should help to offset some of this loss, continued reimbursement from the State for the loss of this tax may be necessary if we are to avoid asking the voters for additional revenue. The new Evidenced Based Funding Model approved by the State may help to improve our revenue over time as it becomes 100 funded; however, it must be carefully monitored as additional programs are also a part of this model.

Capital improvements include completion of new home bleachers, fencing, and handicapped accessibility at the athletic stadium. Several out buildings were razed (non-capitalized) and an additional parking area was constructed on the north side of the high school/middle school building. Increasing school safety and security will be a priority for the School District. The permanent improvement levy is vital to the continuation of these projects.

The Board of Education approved a strategic plan in June 2009 for the future of the School District. This plan address finances, facilities, curriculum, technology, and other issues which will impact the School District's financial picture. The plan calls for increased curricular offerings and the possible construction of a new high school in the near future.

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jan August, Treasurer, Van Buren Local School District, 217 South Main Street, Van Buren, Ohio 45889.

Van Buren Local School District
Statement of Net Assets
June 30, 2009

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$7,242,065
Accounts Receivable	5,954
Intergovernmental Receivable	41,506
Prepaid Items	3,818
Inventory Held for Resale	2,011
Materials and Supplies Inventory	14,160
Property Taxes Receivable	6,490,331
Payment in Lieu of Taxes Receivable	95,979
Nondepreciable Capital Assets	225,619
Depreciable Capital Assets, Net	14,639,998
Total Assets	28,761,441
 <u>Liabilities:</u>	
Accounts Payable	37,792
Contracts Payable	68,172
Accrued Wages and Benefits Payable	675,483
Matured Compensated Absences Payable	57,454
Intergovernmental Payable	262,821
Deferred Revenue	5,653,826
Accrued Interest Payable	32,128
Long-Term Liabilities:	
Due Within One Year	415,334
Due in More Than One Year	8,630,682
Total Liabilities	15,833,692
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	6,510,617
Restricted For:	
Debt Service	426,918
Capital Projects	102,807
Setasides	446,730
Other Purposes	134,753
Unrestricted	5,305,924
Total Net Assets	\$12,927,749

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$4,546,686	\$591,601	\$41,715	\$5,000	(\$3,908,370)
Special	980,127	22,721	261,029		(696,377)
Vocational	209,468		762		(208,706)
Support Services:					
Pupils	308,830		14,000		(294,830)
Instructional Staff	346,242				(346,242)
Board of Education	65,411				(65,411)
Administration	758,749				(758,749)
Fiscal	433,443				(433,443)
Operation and Maintenance of Plant	1,062,412				(1,062,412)
Pupil Transportation	464,763		15,419	9,428	(439,916)
Central	29,681				(29,681)
Non-Instructional Services	280,356	194,800	72,027		(13,529)
Extracurricular Activities	439,062	120,537	9,452	45,297	(263,776)
Interest and Fiscal Charges	437,957				(437,957)
Total Governmental Activities	<u>\$10,363,187</u>	<u>\$929,659</u>	<u>\$414,404</u>	<u>\$59,725</u>	<u>(8,959,399)</u>

General Revenues:

Property Taxes Levied for General Purposes	5,901,613
Property Taxes Levied for Debt Service	731,424
Property Taxes Levied for Permanent Improvements	272,615
Payment in Lieu of Taxes	95,979
Grants and Entitlements not Restricted to Specific Programs	3,502,093
Interest	174,988
Gifts and Donations	15,623
Miscellaneous	90,942
Total General Revenues	<u>10,785,277</u>
Change in Net Assets	1,825,878
Net Assets at Beginning of Year - Restated (Note 3)	11,101,871
Net Assets at End of Year	<u>\$12,927,749</u>

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Balance Sheet
Governmental Funds
June 30, 2009

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$5,896,714	\$892,147	\$6,788,861
Accounts Receivable	5,954		5,954
Intergovernmental Receivable	41,241	265	41,506
Prepaid Items	3,818		3,818
Inventory Held for Resale		2,011	2,011
Materials and Supplies Inventory	13,960	200	14,160
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	453,204		453,204
Property Taxes Receivable	5,513,213	977,118	6,490,331
Payment in Lieu of Taxes Receivable	82,126	13,853	95,979
Total Assets	<u>\$12,010,230</u>	<u>\$1,885,594</u>	<u>\$13,895,824</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$26,182	\$11,610	\$37,792
Contracts Payable		68,172	68,172
Accrued Wages and Benefits Payable	663,089	12,394	675,483
Matured Compensated Absences Payable		57,454	57,454
Intergovernmental Payable	254,019	8,802	262,821
Deferred Revenue	5,060,626	893,526	5,954,152
Total Liabilities	<u>6,003,916</u>	<u>1,051,958</u>	<u>7,055,874</u>
<u>Fund Balances:</u>			
Reserved for Property Taxes	506,000	91,000	597,000
Reserved for Textbooks	446,730		446,730
Reserved for Bus Purchase	6,474		6,474
Reserved for Encumbrances	121,729	57,251	178,980
Unreserved, Designated for Termination Benefits		185,228	185,228
Unreserved, Undesignated Reported in:			
General Fund	4,925,381		4,925,381
Special Revenue Funds		115,108	115,108
Debt Service Fund		361,380	361,380
Capital Projects Funds		23,669	23,669
Total Fund Balances	<u>6,006,314</u>	<u>833,636</u>	<u>6,839,950</u>
Total Liabilities and Fund Balances	<u>\$12,010,230</u>	<u>\$1,885,594</u>	<u>\$13,895,824</u>

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances	\$6,839,950
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Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,865,617
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	12,344	
Intergovernmental Receivable	265	
Property Taxes Receivable	239,505	
Payment in Lieu of Taxes Receivable	48,212	
		300,326

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Accrued Interest Payable	(32,128)	
General Obligation Bonds Payable	(8,569,524)	
Compensated Absences Payable	(476,492)	
		(9,078,144)

Net Assets of Governmental Activities	\$12,927,749
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See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$5,843,645	\$994,272	\$6,837,917
Payment in Lieu of Taxes	97,926	6,710	104,636
Intergovernmental	3,136,575	779,617	3,916,192
Interest	174,988	131	175,119
Tuition and Fees	614,978		614,978
Extracurricular Activities	10,170	110,367	120,537
Charges for Services		194,800	194,800
Gifts and Donations	17,490	41,527	59,017
Miscellaneous	68,270	20,047	88,317
Total Revenues	<u>9,964,042</u>	<u>2,147,471</u>	<u>12,111,513</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,315,419	147,108	4,462,527
Special	870,125	98,793	968,918
Vocational	203,148		203,148
Support Services:			
Pupils	153,011	154,472	307,483
Instructional Staff	320,698	6,749	327,447
Board of Education	65,411		65,411
Administration	741,897	421	742,318
Fiscal	405,228	25,938	431,166
Operation and Maintenance of Plant	1,029,544	9,700	1,039,244
Pupil Transportation	422,367		422,367
Central	15,251	14,430	29,681
Non-Instructional Services		268,515	268,515
Extracurricular Activities	261,463	142,593	404,056
Capital Outlay		778,512	778,512
Debt Service:			
Principal Retirement		540,000	540,000
Interest and Fiscal Charges		415,300	415,300
Total Expenditures	<u>8,803,562</u>	<u>2,602,531</u>	<u>11,406,093</u>
Excess of Revenues Over (Under) Expenditures	<u>1,160,480</u>	<u>(455,060)</u>	<u>705,420</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In		42,296	42,296
Transfers Out	(42,296)		(42,296)
Total Other Financing Sources (Uses)	<u>(42,296)</u>	<u>42,296</u>	
Changes in Fund Balances	1,118,184	(412,764)	705,420
Fund Balances at Beginning of Year - Restated (Note 3)	4,888,130	1,246,400	6,134,530
Fund Balances at End of Year	<u>\$6,006,314</u>	<u>\$833,636</u>	<u>\$6,839,950</u>

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2009

Changes in Fund Balances - Total Governmental Funds \$705,420

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

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year:

Capital Outlay - Construction in Progress	604,453	
Capital Outlay - Depreciable Capital Assets	168,832	
Capital Contributions	47,355	
Depreciation	<u>(335,995)</u>	484,645

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain or loss on disposal of capital assets on the statement of activities.

Gain on Disposal of Capital Assets	2,625	
Loss on Disposal of Capital Assets	<u>(4,261)</u>	(1,636)

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

Property Taxes	67,735	
Payment in Lieu of Taxes	(8,657)	
Intergovernmental	150	
Tuition and Fees	<u>(656)</u>	58,572

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 540,000

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of activities.

Annual Accretion	(24,394)	
Accrued Interest Payable	<u>1,737</u>	(22,657)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 61,534

Change in Net Assets of Governmental Activities \$1,825,878

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$5,668,309	\$5,634,350	\$5,698,645	\$64,295
Payment in Lieu of Taxes	108,200	108,200	103,593	(4,607)
Intergovernmental	3,067,287	3,083,650	3,136,575	52,925
Interest	200,000	200,000	174,988	(25,012)
Tuition and Fees	270,000	270,000	617,197	347,197
Extracurricular Activities	28,000	28,000	10,170	(17,830)
Gifts and Donations	20,500	20,500	17,490	(3,010)
Miscellaneous	56,500	56,355	39,036	(17,319)
Total Revenues	<u>9,418,796</u>	<u>9,401,055</u>	<u>9,797,694</u>	<u>396,639</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,690,309	4,640,598	4,323,720	316,878
Special	628,991	888,791	878,287	10,504
Vocational	200,457	220,757	205,019	15,738
Support Services:				
Pupils	161,013	162,313	151,995	10,318
Instructional Staff	322,284	338,484	316,403	22,081
Board of Education	96,538	96,538	76,928	19,610
Administration	770,815	779,855	734,435	45,420
Fiscal	434,492	438,552	406,058	32,494
Operation and Maintenance of Plant	1,211,802	1,149,302	1,119,158	30,144
Pupil Transportation	534,315	529,888	449,283	80,605
Central	33,251	15,251	15,251	
Extracurricular Activities	286,206	290,206	260,698	29,508
Capital Outlay	5,253	253		253
Total Expenditures	<u>9,375,726</u>	<u>9,550,788</u>	<u>8,937,235</u>	<u>613,553</u>
Excess of Revenues Over (Under) Expenditures	<u>43,070</u>	<u>(149,733)</u>	<u>860,459</u>	<u>1,010,192</u>
<u>Other Financing Uses:</u>				
Refund of Prior Year Receipts		(10)	(10)	
Transfers Out	(70,000)	(70,000)	(42,296)	27,704
Total Other Financing Uses	<u>(70,000)</u>	<u>(70,010)</u>	<u>(42,306)</u>	<u>27,704</u>
Changes in Fund Balance	(26,930)	(219,743)	818,153	1,037,896
Fund Balance at Beginning of Year	5,238,192	5,238,192	5,238,192	
Prior Year Encumbrances Appropriated	150,481	150,481	150,481	
Fund Balance at End of Year	<u>\$5,361,743</u>	<u>\$5,168,930</u>	<u>\$6,206,826</u>	<u>\$1,037,896</u>

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2009

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$25,525</u></u>
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Liabilities:

Due to Students	<u><u>\$25,525</u></u>
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See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

Van Buren Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District was established in 1936. The School District serves an area of approximately forty-eight square miles. It is located in Hancock County and includes all of the Village of Van Buren and Allen Township and portions of Cass, Marion, and Portage Townships. The School District is the 477th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by forty-eight classified employees, sixty-six certified teaching personnel, and five administrative employees who provide services to nine hundred eighty-eight students and other community members. The School District currently operates an elementary school and a middle/high school.

Reporting Entity

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

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

The School District is associated with three jointly governed organizations and two insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Millstream Career and Technology Center, Northwestern Ohio Educational Research Council, Inc., Hancock County Schools Health Benefit Fund, and Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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

Fund Financial Statements

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are reported in two categories, governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses 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 School District's only major governmental fund is the General Fund.

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 to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the School District account 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 School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District did not have any trust funds in fiscal year 2009. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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 and the agency fund uses the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement

basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, student fees, and charges for services.

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is at the function level within the General Fund and at the fund level for all other funds. Budgetary allocations at the object level for the General Fund and the function and object level for all other funds are made by the School District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2009, investments consisted of repurchase agreements and STAR Ohio. Repurchase agreements are reported at cost. 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 share price, which is the price the investment could be sold for on June 30, 2009.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2009 was \$174,988, which includes \$24,911 assigned from other School District funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies, custodial supplies, donated and purchased food, and workbooks.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials as well as unexpended revenues restricted for bus purchases.

J. Capital Assets

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of two thousand dollars. 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 capitalized.

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

Description	Useful Lives
Land Improvements	10 - 30 years
Buildings and Building Improvements	6 - 107 years
Furniture, Fixtures, and Equipment	5 - 25 years
Vehicles	5 - 15 years

K. Compensated Absences

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

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

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on 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, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

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 balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves and Designations

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the Board of Education. The designation within the special revenue fund represents monies set aside by the Board for the future payment of termination benefits.

O. Capital Contributions

Capital contributions arise from outside contributions of capital assets.

P. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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 financial statements.

Q. Estimates

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

Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Assets

A. Change in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose the methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements and the framework for selecting those principles. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' (AICPA) auditing literature into the GASB's accounting and financial reporting literature. This guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any changes to the financial statements.

B. Restatement of Fund Balance/Net Assets

In the prior fiscal year, the School District reported several funds as enterprise funds. Because the funds do not meet the definition of an enterprise fund, all the enterprise funds have been reclassified to an appropriate fund classification.

	General	Other Governmental	Total Governmental Funds
Fund Balance at June 30, 2008	\$4,800,643	\$1,246,400	\$6,047,043
Change in Fund Structure	87,487		87,487
Adjusted Fund Balance at June 30, 2008	\$4,888,130	\$1,246,400	\$6,134,530

In addition, the School District changed the accounting treatment applied to the receivable for payment in lieu of taxes. Based on guidance from GASB, this receivable is presently considered a nonexchange transaction and a one year receivable is being recorded. In prior years, this was considered an exchange transaction and the entire receivable was recognized in the initial year. The restatements had the following effect on net assets.

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

	Total Governmental Activities	Total Business- Type Activities
Net Assets at June 30, 2008	\$13,480,611	\$87,487
Change in Fund Structure	87,487	(87,487)
Payment in Lieu of Taxes	(2,466,227)	
Adjusted Net Assets at June 30, 2008	\$11,101,871	

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances 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, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund is 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 as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Changes in Fund Balance

GAAP Basis	\$1,118,184
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2008, Received in Cash FY 2009	415,560
Accrued FY 2009, Not Yet Received in Cash	(581,908)
Expenditure Accruals:	
Accrued FY 2008, Paid in Cash FY 2009	(943,760)
Accrued FY 2009, Not Yet Paid in Cash	943,290
Prepaid Items	5,434
Materials and Supplies Inventory	4,445
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(143,092)
Budget Basis	\$818,153

Note 5 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 or deposit accounts, including passbook accounts.

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;

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4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School 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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end \$2,711 of the School District's bank balance of \$5,749,831 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of June 30, 2009, the School District had the following investments:

	Fair Value	Maturity
Repurchase Agreements	\$105,387	July 1, 2009
STAR Ohio	1,506,001	average 58 days
Total Investments	\$1,611,388	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the School District.

The securities underlying the repurchase agreement (Federal Home Loan Mortgage Corporation Notes) carry a rating of AAA by Moodys. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that repurchase agreements be limited to investments in the United States treasury securities and federal governmental agency securities. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

Van Buren Local School District
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For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the School 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 repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent. The School District has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

The School District places no limit on the amount of its interim monies it may invest in a particular security. As of June 30, 2009, the School District had 6.5 percent of its investments in repurchase agreements.

Note 6 - Receivables

Receivables at June 30, 2009, consisted of accounts (student fees and billings for user charged services), intergovernmental, property taxes, and payment in lieu of taxes. 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. All receivables, except property taxes and payment in lieu of taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
Various School Districts	\$8,165
Ohio Department of Education	33,076
Other Governmental Funds	
Title II-D	265
Total Governmental Activities	\$41,506

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Hancock County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there was 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 were levied to finance current fiscal year operations and are reflected 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 deferred revenue.

The amount available as an advance at June 30, 2009, was \$506,000 in the General Fund, \$67,000 in the Bond Retirement debt service fund, and \$24,000 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2008, was \$361,000 in the General Fund, \$44,000 in the Bond Retirement debt service fund, and \$17,000 in the Permanent Improvement capital projects fund.

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

The assessed values upon which fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$122,296,440	55.62%	\$124,631,770	61.28%
Industrial/Commercial	71,353,750	32.45	71,051,100	34.93
Public Utility	7,768,290	3.53	7,716,630	3.79
Tangible Personal	18,476,531	8.40		
Total Assessed Value	<u>\$219,895,011</u>	<u>100.00%</u>	<u>\$203,399,500</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$40.58		\$41.07	

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 8 - Payment in Lieu of Taxes

According to State law, the City of Findlay has entered into agreements with a number of property owners under which the City has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the City which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be made to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$154,779			\$154,779
Construction in Progress	21,148	\$604,453	(\$554,761)	70,840
Total Nondepreciable Capital Assets	<u>175,927</u>	<u>604,453</u>	<u>(554,761)</u>	<u>225,619</u>
Depreciable Capital Assets				
Land Improvements	426,125	527,790		953,915
Buildings and Building Improvements	15,057,683	69,476		15,127,159
Furniture, Fixtures, and Equipment	1,153,090	95,453	(73,309)	1,175,234
Vehicles	1,015,080	78,229	(47,223)	1,046,086
Total Depreciable Capital Assets	<u>17,651,978</u>	<u>770,948</u>	<u>(120,532)</u>	<u>18,302,394</u>
Less Accumulated Depreciation				
Land Improvements	(132,793)	(29,438)		(162,231)
Buildings and Building Improvements	(2,021,730)	(178,942)		(2,200,672)
Furniture, Fixtures, and Equipment	(612,296)	(70,661)	71,673	(611,284)
Vehicles	(678,478)	(56,954)	47,223	(688,209)
Total Accumulated Depreciation	<u>(3,445,297)</u>	<u>(335,995)</u>	<u>118,896</u>	<u>(3,662,396)</u>
Depreciable Capital Assets, Net	<u>14,206,681</u>	<u>434,953</u>	<u>(1,636)</u>	<u>14,639,998</u>
Governmental Activities Capital Assets, Net	<u>\$14,382,608</u>	<u>\$1,039,406</u>	<u>(\$556,397)</u>	<u>\$14,865,617</u>

During fiscal year 2009, the School District accepted contributions of depreciable capital assets with a fair value of \$47,355.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$132,897
Special	11,209
Vocational	6,320
Support Services:	
Pupils	\$1,347
Instructional Staff	4,699
Administration	14,340
Fiscal	3,328
Operation and Maintenance of Plant	29,750
Pupil Transportation	62,325
Non-Instructional Services	26,163
Extracurricular Activities	43,617
Total Depreciation Expense	\$335,995

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted for the following insurance coverage:

Coverage provided by the Netherlands Insurance Company is as follows:

General School District Liability	
Per Occurrence	\$1,000,000
Aggregate	2,000,000
Umbrella Liability	4,000,000
Building and Contents	40,850,096
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The School District participates in the Hancock County Schools Health Benefit Fund (Fund), a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The School District pays monthly premiums to the Fund for employee medical, dental, vision, and life insurance benefits. The Fund is responsible for the management and operations of the program. Upon withdrawal from the Fund, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Note 11 - Defined Benefit Pension Plans

A. State Teachers Retirement System

Plan Description - The School District contributes to 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 the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 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 Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on 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 DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 was \$477,090, \$471,547, and \$428,338 respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DCP and CP for fiscal year 2009 were \$9,461 made by the School District and \$13,090 made by plan members.

B. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement 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 stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 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 School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 was \$95,442, \$94,441, and \$99,621, respectively; 45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2009, three of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 12 - Postemployment Benefits

A. State Teachers Retirement System

Plan Description - The School District contributes to a cost-sharing multiple-employer defined benefit Health Care 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care 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 Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$37,427, \$36,615, and \$33,264 respectively; 82 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. School Employees Retirement System

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified 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 SERS 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 the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal 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 fiscal year 2009, 4.16 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 fiscal year 2009, the surcharge amount was \$15,843.

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 School District's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$43,679, \$43,097, and 33,074 respectively; 45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2009, this actuarially required allocation was .75 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 was \$7,875, \$6,805, and \$6,774 respectively; 45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators 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. The following table identifies the maximum amount of sick leave days that may be accumulated and the maximum days paid upon retirement.

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	Sick Days Accumulated	Sick Days Paid Upon Retirement
Administrators	245	61.25
Certified Employees	245	61.25
Classified Employees	unlimited	53

B. Health Care Benefits

The School District provides medical, dental, vision, and life insurance to all employees through the Hancock County Schools Health Benefit Fund. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

Note 14 - Long-Term Obligations

Changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Balance at 6/30/08	Additions	Reductions	Balance at 6/30/09	Amounts Due Within One Year
General Obligation Bonds					
2001 School Facilities					
Construction and Improvement					
Serial Bonds 3.3 - 4.45%	\$2,315,000		\$540,000	\$1,775,000	
Term Bonds 5 - 5.25%	6,240,000			6,240,000	
Capital Appreciation Bonds - 5.94%	340,000			340,000	\$340,000
Accretion on Capital Appreciation Bonds	190,130	24,394		214,524	
Total 2001 School Facilities Construction and Improvement	9,085,130	24,394	\$540,000	8,569,524	340,000
Compensated Absences Payable	538,026		61,534	476,492	75,334
Total Governmental Activities Long-Term Liabilities	\$9,623,156	\$24,394	\$601,534	\$9,046,016	\$415,334

School Facilities Construction and Improvement Bonds FY 2001 - On March 29, 2001, the School District issued \$11,500,000 in voted general obligation bonds for constructing a building addition. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$4,920,000, \$6,240,000, and \$340,000, respectively. The bonds were issued for a twenty year period, with final maturity in fiscal year 2021. The bonds are being retired through the Bond Retirement debt service fund.

The term bonds maturing on December 1, 2014, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date. The mandatory redemption is to occur on December 1, 2013, in the principal amount of \$650,000. The remaining principal, in the amount of \$685,000, will mature at stated maturity.

The term bonds maturing on December 1, 2016, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date. The mandatory redemption is to occur on December 1, 2015, in the principal amount of \$720,000. The remaining principal, in the amount of \$755,000, will mature at stated maturity.

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The terms bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date. The mandatory redemption is to occur on December 1 in each of the years according to the following schedule:

Year	Amount
2017	\$795,000
2018	835,000
2019	880,000

The remaining principal, in the amount of \$920,000, will mature at stated maturity.

The serial bonds maturing after December 1, 2011, are subject to redemption, at the option of the School District, either in whole or in part, on any interest payment date on or after December 1, 2010, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date. The bonds maturing on December 1, 2011, are not subject to redemption prior to maturity.

The capital appreciation bonds are not subject to redemption prior to maturity. The capital appreciation bonds will mature on December 1, 2009, in the amount of \$565,000. For fiscal year 2009, \$24,394 was accreted on the capital appreciation bonds for a total outstanding bond value of the capital appreciation bonds of \$554,524 at fiscal year end.

Compensated absences will be paid from the Termination Benefits special revenue fund.

The School District's overall debt margin was \$9,697,746 with an unvoted debt margin of \$195,826 at June 30, 2009.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2009, were as follows:

Fiscal Year Ending June 30,	General Obligation Bonds			Interest	Total
	Serial	Term	Capital		
2010			\$340,000	\$629,365	\$969,365
2011	\$565,000			390,240	955,240
2012	590,000			361,365	951,365
2013	620,000			332,820	952,820
2014		\$650,000		301,963	951,963
2015-2019		3,790,000		950,775	4,740,775
2020-2021		1,800,000		91,000	1,891,000
	\$1,775,000	\$6,240,000	\$340,000	\$3,057,528	\$11,412,528

Note 15 - Set Asides

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

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The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2009.

	Textbooks	Capital Improvements
Balance June 30, 2008	\$352,709	
Current Year Set Aside Requirement	158,769	\$158,769
Current Year Offsets		(158,769)
Qualifying Expenditures	(64,748)	
Reserve Balance June 30, 2009	\$446,730	

Note 16 - Interfund Transfers

During fiscal year 2009, the General Fund made transfers to other governmental funds, in the amount of \$42,296; \$27,296 to set aside resources for the future payment of termination benefits and \$15,000 to subsidize operations in other funds.

Note 17 - Jointly Governed Organizations

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from each county. During fiscal year 2009, the School District paid \$19,055 to NOACSC for various services. Financial information can be obtained from NOACSC, 645 South Main Street, Lima, Ohio 45804.

B. Millstream Career and Technology Center

The Millstream Career and Technology Center (Center) is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Center provides vocational instruction to students. The Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Treasurers from the Hancock and Putnam County Educational Service Centers serve in an ex-officio capacity for all meetings. Financial information can be obtained from the Findlay City School District, 1219 West Main Cross, Suite 101, Findlay, Ohio 45840-3377.

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools, and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., 441 East Market Street, Celina, Ohio 45822.

Note 18 - Insurance Pools

A. Hancock County Schools Health Benefit Fund

The Hancock County Schools Health Benefit Fund (Fund) is a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Mental Developmental Disabilities. The Fund is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance benefits to the employees of the participants. Each participants' superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington National Bank, concerning aspects of the administration of the Fund.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Fund is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Huntington Insurance, P.O. Box 10079, 1695 Indian Wood Circle, Maumee, Ohio 43537.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP'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 GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 19 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

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Dave Yost • Auditor of State

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

Van Buren Local School
Hancock County
217 South Main Street
P.O. Box 229
Van Buren, Ohio 45889-0229

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Van Buren Local School District, Hancock County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 11, 2011.

We intend this report solely for the information and use of management, the audit committee, Board of Education, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

May 11, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Van Buren Local School
Hancock County
217 South Main Street
P.O. Box 229
Van Buren, Ohio 45889-0229

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting in February of 2006.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;

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

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

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



Dave Yost
Auditor of State

May 11, 2011



Dave Yost • Auditor of State

VAN BUREN LOCAL SCHOOL DISTRICT

HANCOCK 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
MAY 26, 2011**