

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	19
Statement of Fiduciary Net Assets Fiduciary Funds.....	20
Statement of Changes in Fiduciary Net Assets Fiduciary Fund	21
Notes to the Basic Financial Statements	23
Federal Awards Receipts and Expenditures Schedule.....	57
Notes to the Federal Awards Receipts and Expenditures Schedule	58
Independent Accountants' Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i>	59
Independent Accountants' Report On Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	61
Schedule of Findings.....	63
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	65

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Buckeye Valley Local School District
Delaware County
679 Coover Road
Delaware, Ohio 43015

To the Board of Education:

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

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

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

As described in Note 3B during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which resulted in reclassifications to its governmental fund balances.

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

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

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



Robert R Hinkle, CPA, CGFM
Chief Deputy Auditor

January 11, 2012

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The management's discussion and analysis of the Buckeye Valley Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets of governmental activities increased \$1,151,352 which represents an 8.25% increase from fiscal year 2010.
- General revenues accounted for \$23,261,485 in revenue or 84.78% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$4,177,290 or 15.22% of total revenues of \$27,438,775.
- The District had \$26,287,423 in expenses related to governmental activities; \$4,177,290 of these expenses were offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$23,261,485 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, debt service fund and building fund. The District restated fund balances at June 30, 2010 as described in Note 3.B to the basic financial statements. The general fund had \$22,748,737 in revenues and other financing sources and \$21,697,909 in expenditures. During fiscal year 2011, the general fund's fund balance increased \$1,050,828 from \$3,521,305 to \$4,572,133.
- The debt service fund had \$2,228,887 in revenues and \$2,105,659 in expenditures. During fiscal year 2011, the debt service fund's fund balance increased \$123,228 from \$852,079 to \$975,307.
- The building fund had \$63,391 in revenues and \$9,194,011 in expenditures and other financing uses. During fiscal year 2011, the building fund's fund balance decreased \$9,130,620 from \$14,846,567 to \$5,715,947.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, debt service fund and building fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-55 of this report.

The District as a Whole

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

The table below provides a summary of the District's net assets at June 30, 2011 and June 30, 2010.

	Net Assets	
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Assets</u>		
Current and other assets	\$ 25,824,490	\$ 33,763,425
Capital assets, net	<u>27,230,842</u>	<u>19,277,252</u>
Total assets	<u>53,055,332</u>	<u>53,040,677</u>
<u>Liabilities</u>		
Current liabilities	12,620,833	12,821,305
Long-term liabilities	<u>25,323,844</u>	<u>26,260,069</u>
Total liabilities	<u>37,944,677</u>	<u>39,081,374</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	9,306,906	9,478,437
Restricted	1,968,354	2,260,634
Unrestricted	<u>3,835,395</u>	<u>2,220,232</u>
Total net assets	<u>\$ 15,110,655</u>	<u>\$ 13,959,303</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$15,110,655.

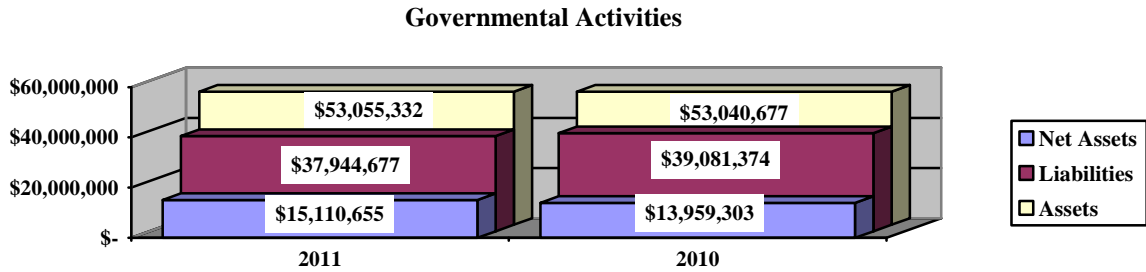
At year-end, capital assets represented 51.33% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$9,306,906. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,968,354, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$954,925 is restricted for debt service and \$442,495 is restricted for capital projects. The remaining balance of unrestricted net assets is \$3,835,395.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The graph below shows the District's assets, liabilities and net assets at June 30, 2011 and June 30, 2010.



The table below shows the change in net assets for fiscal years 2011 and 2010.

Change in Net Assets

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,929,603	\$ 1,921,877
Operating grants and contributions	2,247,687	1,834,129
General revenues:		
Property taxes	11,837,778	11,352,570
Income taxes	4,658,303	4,363,146
Grants and entitlements	6,646,239	6,798,810
Investment earnings	42,778	236,682
Other	<u>76,387</u>	<u>42,024</u>
Total revenues	<u>27,438,775</u>	<u>26,549,238</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

Change in Net Assets

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 11,562,228	\$ 11,545,846
Special	1,954,527	2,200,102
Vocational	254,049	290,135
Other	16,080	16,562
Support services:		
Pupil	2,002,362	2,256,191
Instructional staff	457,391	537,630
Board of education	162,806	169,459
Administration	2,082,001	2,092,564
Fiscal	607,428	594,962
Operations and maintenance	2,666,576	2,436,355
Pupil transportation	1,831,372	1,755,888
Central	38,148	38,814
Operation of non-instructional services:		
Other non-instructional services	27,062	27,482
Food service operations	833,200	797,893
Extracurricular activities	593,702	531,492
Interest and fiscal charges	<u>1,198,491</u>	<u>1,308,339</u>
Total expenses	<u>26,287,423</u>	<u>26,599,714</u>
Change in net assets	1,151,352	(50,476)
Net assets at beginning of year	<u>13,959,303</u>	<u>14,009,779</u>
Net assets at end of year	<u>\$ 15,110,655</u>	<u>\$ 13,959,303</u>

Governmental Activities

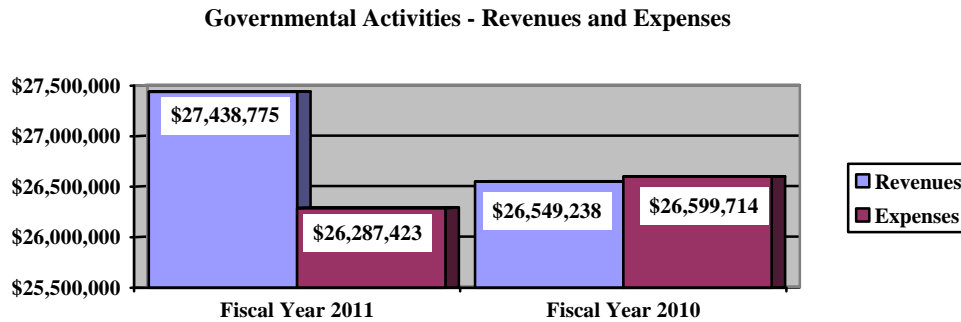
Net assets of the District's governmental activities increased \$1,151,352. Total governmental expenses of \$26,287,423 were offset by program revenues of 4,177,290 and general revenues of \$23,261,485. Program revenues supported 15.89% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources account for 84.34% of total governmental revenue. The increase in operating grants and contributions in the governmental activities is attributable to monies received during fiscal year 2011 related to the PATHway to Student Success program, which is administered through the Ohio Department of Education and is reported as a operating grant and contribution revenue in fiscal year 2011 as opposed to a general revenue. The increase is also attributable to federal monies available during fiscal year 2011 related to the Education Jobs program.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2011 and 2010.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2011 and 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Program expenses				
Instruction:				
Regular	\$ 11,562,228	\$ 10,392,449	\$ 11,545,846	\$ 10,443,504
Special	1,954,527	1,424,558	2,200,102	1,729,986
Vocational	254,049	53,930	290,135	164,888
Other	16,080	16,080	16,562	16,562
Support services:				
Pupil	2,002,362	1,423,505	2,256,191	1,734,192
Instructional staff	457,391	348,086	537,630	453,220
Board of education	162,806	156,933	169,459	169,459
Administration	2,082,001	1,776,938	2,092,564	1,864,049
Fiscal	607,428	607,428	594,962	594,962
Operations and maintenance	2,666,576	2,591,800	2,436,355	2,427,122
Pupil transportation	1,831,372	1,732,058	1,755,888	1,603,379
Central	38,148	33,148	38,814	33,814
Operation of non-instructional services:				
Other non-instructional services	27,062	12,834	27,482	13,547
Food service operations	833,200	(9,155)	797,893	(36,871)
Extracurricular activities	593,702	351,050	531,492	323,556
Interest and fiscal charges	1,198,491	1,198,491	1,308,339	1,308,339
Total	<u>\$ 26,287,423</u>	<u>\$ 22,110,133</u>	<u>\$ 26,599,714</u>	<u>\$ 22,843,708</u>

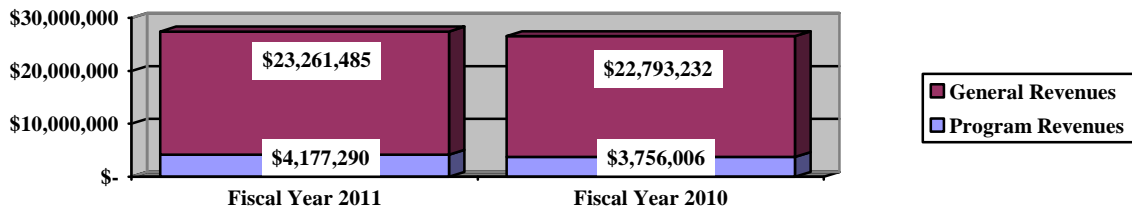
**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent, 86.22% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.11%. The District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2011 and 2010.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$12,054,032, which is less than last year's total restated balance of \$20,033,451 (as described in Note 3.B). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and June 30, 2010.

	Fund Balance June 30, 2011	(Restated) Fund Balance June 30, 2010	Change	Percentage Change
General	\$ 4,572,133	\$ 3,521,305	\$ 1,050,828	29.84 %
Debt Service	975,307	852,079	123,228	14.46 %
Building	5,715,947	14,846,567	(9,130,620)	(61.50) %
Other Governmental	790,645	813,500	(22,855)	(2.81) %
Total	<u>\$ 12,054,032</u>	<u>\$ 20,033,451</u>	<u>\$ (7,979,419)</u>	(39.83) %

General Fund

During fiscal year 2011, the District's general fund balance increased \$1,050,828.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

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

	2011 <u>Amount</u>	(Restated) 2010 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 13,926,518	\$ 13,230,172	\$ 696,346	5.26 %
Tuition	948,595	932,312	16,283	1.75 %
Earnings on investments	8,842	13,661	(4,819)	(35.28) %
Intergovernmental	6,338,924	6,423,476	(84,552)	(1.32) %
Other revenues	<u>235,839</u>	<u>222,505</u>	<u>13,334</u>	5.99 %
Total	<u>\$ 21,458,718</u>	<u>\$ 20,822,126</u>	<u>\$ 636,592</u>	3.06 %
<u>Expenditures</u>				
Instruction	\$ 13,049,866	\$ 12,698,464	\$ 351,402	2.77 %
Support services	8,281,362	8,468,841	(187,479)	(2.21) %
Extracurricular activities	314,258	294,442	19,816	6.73 %
Non-instructional	14,086	14,506	(420)	(2.90) %
Debt service	<u>38,337</u>	<u>72,418</u>	<u>(34,081)</u>	(47.06) %
Total	<u>\$ 21,697,909</u>	<u>\$ 21,548,671</u>	<u>\$ 149,238</u>	0.69 %

During fiscal year 2011, overall general fund revenues increased \$636,592 or 3.06%. The most significant increase was in the area of taxes, which increased \$696,346 or 5.26%. This increase is mainly attributable to increases in both property tax and income tax receipts during fiscal year 2011. Property tax receipts increased due to improving real estate values within the District and income tax receipts increased due to an improving local economy that resulted in additional employment opportunities. All other revenues remained comparable to fiscal year 2010.

During fiscal year 2011, overall general fund expenditures increased \$149,238 or 0.69%. The most significant increase was in the area of instruction expenditures, which only increased \$351,402 or 2.77%. The minor increase in expenditures is a result of the District attempting to remain fiscally responsible during difficult economic times.

Debt Service Fund

The debt service fund had \$2,228,887 in revenues and \$2,105,659 in expenditures. During fiscal year 2011, the debt service fund's fund balance increased \$123,228 from \$852,079 to \$975,307.

Building Fund

The building fund had \$63,391 in revenues and \$9,194,011 in expenditures and other financing uses. During fiscal year 2011, the building fund's fund balance decreased \$9,130,620 from \$14,846,567 to \$5,715,947. The District is in its second full year of a capital facilities improvement project, which has created increased cash outflow and has caused the building fund balance to decrease significantly during fiscal year 2011.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources of \$20,306,225 matched exactly to the original budgeted amounts. Actual revenues and other financing sources of \$21,980,769 were \$1,674,544 more than final budgeted amounts.

General fund actual expenditures plus other financing uses of \$21,741,873 were \$323,197 lower than the final appropriations (appropriated expenditures plus other financing uses) of \$22,065,070. Final appropriations and other financing uses were \$564,444 greater than original appropriations and other financing uses of \$21,500,626.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had \$27,230,842 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. This entire amount is reported in governmental activities. The table that follows shows June 30, 2011 balances compared to June 30, 2010:

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

	Governmental Activities	
	2011	2010
Land	\$ 498,673	\$ 498,673
Construction in progress	10,002,916	1,598,905
Land improvements	994,451	1,047,156
Buildings and improvements	13,910,956	14,212,466
Furniture and equipment	593,137	699,919
Vehicles	1,145,642	1,132,332
Infrastructure	85,067	87,801
Total	\$ 27,230,842	\$ 19,277,252

The increase in capital assets of \$7,953,590 is attributable to capital outlays of \$8,619,578 exceeding depreciation expense of \$665,988.

See Note 9 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2011 the District had \$23,133,780 in general obligation bonds and capital lease obligations outstanding. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds for both the refunding bonds and school facilities bonds. Of this total, \$1,087,643 is due within one year and \$22,046,137 is due in more than one year.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The table that follows summarizes the outstanding debt at June 30, 2011 and June 30, 2010.

Outstanding Debt, at Year End

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
Series 1995 general obligation bonds	\$ 3,440,000	\$ 4,000,000
Series 2004 refunding bonds - current interest	4,035,008	4,095,008
Series 2004 refunding bonds - capital appreciation	507,989	442,404
Series 2009 school facilities bonds - current interest	14,550,000	14,945,000
Series 2009 school facilities bonds - capital appreciation	582,382	499,111
Capital leases	<u>18,401</u>	<u>53,561</u>
Total	<u>\$ 23,133,780</u>	<u>\$ 24,035,084</u>

At June 30, 2011, the District's overall legal debt margin was \$23,463,081 with an unvoted debt margin of \$501,531.

See Note 14 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

During fiscal year 2011, the District's Strategic Planning Committee, made up of board members, administrators, staff, and community members met to review the mission statement for the District and goals for the four sub-committees: Student Achievement Committee, Finance Committee, Facilities Committee, and Communications Committee. These sub-committees meet regularly throughout the course of the year.

The District is currently in the middle of a high school renovation project. The project was started in January of 2010 with an early work package. It is expected to be complete by January of 2012.

The District considered putting a combined income tax increase and a bond issue for the elementary schools on the ballot in May of 2011. It was decided that the timing was not right to put a combined issue up for a vote at that time. In the November 2011 election, the District asked voters to approve an income tax increase of 0.5%, which would have generated approximately \$2.3 million per year for the District in operating funds. The increase did not pass. The District is currently looking at making additional cuts for fiscal year 2013 due to decreasing operating funds.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Sandra Griscom, Treasurer, Buckeye Valley Local School District, 679 Coover Road, Delaware, Ohio 43015.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 11,394,958
Receivables:	
Property taxes	11,771,784
Income taxes.	1,751,042
Accounts.	40,457
Accrued interest	3,697
Intergovernmental	419,495
Prepayments	41,207
Materials and supplies inventory.	7,630
Inventory held for resale	5,900
Unamortized bond issuance costs	388,320
Capital assets:	
Land.	498,673
Construction in progress.	10,002,916
Depreciable capital assets, net.	16,729,253
Total capital assets.	27,230,842
 Total assets.	 53,055,332
 Liabilities:	
Accounts payable.	18,953
Contracts payable.	417,429
Accrued wages and benefits	1,636,638
Pension obligation payable.	522,718
Intergovernmental payable	114,342
Unearned revenue	9,828,199
Accrued interest payable	82,554
Long-term liabilities:	
Due within one year.	1,389,316
Due in more than one year.	23,934,528
 Total liabilities	 37,944,677
 Net Assets:	
Invested in capital assets, net of related debt.	9,306,906
Restricted for:	
Debt service.	954,925
Capital projects	442,495
Locally funded programs	7,601
Federally funded programs	280,249
Student activities	55,083
School farm program.	118,680
Other purposes	109,321
Unrestricted.	3,835,395
 Total net assets	 \$ 15,110,655

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 11,562,228	\$ 977,466	\$ 192,313	\$ (10,392,449)
Special	1,954,527	45,975	483,994	(1,424,558)
Vocational	254,049	108,720	91,399	(53,930)
Other	16,080	-	-	(16,080)
Support services:				
Pupil	2,002,362	3,035	575,822	(1,423,505)
Instructional staff	457,391	9,311	99,994	(348,086)
Board of education	162,806	-	5,873	(156,933)
Administration	2,082,001	-	305,063	(1,776,938)
Fiscal	607,428	-	-	(607,428)
Operations and maintenance	2,666,576	9,029	65,747	(2,591,800)
Pupil transportation	1,831,372	5,777	93,537	(1,732,058)
Central	38,148	-	5,000	(33,148)
Operation of non-instructional services:				
Other non-instructional services	27,062	14,228	-	(12,834)
Food service operations	833,200	522,333	320,022	9,155
Extracurricular activities	593,702	233,729	8,923	(351,050)
Interest and fiscal charges	1,198,491	-	-	(1,198,491)
Totals	\$ 26,287,423	\$ 1,929,603	\$ 2,247,687	(22,110,133)
General revenues:				
Property taxes levied for:				
General purposes				9,225,638
Debt service				1,936,505
Capital projects				675,635
Income taxes levied for:				
General purposes				4,658,303
Grants and entitlements not restricted				
to specific programs				6,646,239
Investment earnings				42,778
Miscellaneous				76,387
Total general revenues				23,261,485
Change in net assets				1,151,352
Net assets at beginning of year				13,959,303
Net assets at end of year				\$ 15,110,655

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 3,808,958	\$ 720,323	\$ 6,132,664	\$ 733,013	\$ 11,394,958
Receivables:					
Property taxes	9,187,696	1,907,625	-	676,463	11,771,784
Income taxes	1,751,042	-	-	-	1,751,042
Accounts	40,424	-	-	33	40,457
Accrued interest	1,134	-	2,563	-	3,697
Intergovernmental	8,292	-	-	411,203	419,495
Interfund loans	99,068	-	-	-	99,068
Prepayments	41,207	-	-	-	41,207
Materials and supplies inventory	7,630	-	-	-	7,630
Inventory held for resale	-	-	-	5,900	5,900
Total assets	<u>\$ 14,945,451</u>	<u>\$ 2,627,948</u>	<u>\$ 6,135,227</u>	<u>\$ 1,826,612</u>	<u>\$ 25,535,238</u>
Liabilities:					
Accounts payable	\$ 14,020	\$ -	\$ -	\$ 4,933	\$ 18,953
Contracts payable	-	-	417,429	-	417,429
Accrued wages and benefits	1,571,785	-	-	64,853	1,636,638
Compensated absences payable	177,839	-	-	-	177,839
Pension obligation payable	489,401	-	-	33,317	522,718
Intergovernmental payable	110,614	-	-	3,728	114,342
Interfund loans payable	-	-	-	99,068	99,068
Deferred revenue	335,923	62,172	1,851	266,074	666,020
Unearned revenue	7,673,736	1,590,469	-	563,994	9,828,199
Total liabilities	<u>10,373,318</u>	<u>1,652,641</u>	<u>419,280</u>	<u>1,035,967</u>	<u>13,481,206</u>
Fund Balances:					
Nonspendable:					
Prepayments	41,207	-	-	-	41,207
Materials and supplies inventory	7,630	-	-	5,900	13,530
Restricted:					
Debt service	-	975,307	-	-	975,307
Capital improvements	-	-	5,715,947	-	5,715,947
Food service operations	-	-	-	122,475	122,475
Special education	-	-	-	10,181	10,181
Targeted academic assistance	-	-	-	26,956	26,956
Extracurricular	-	-	-	55,083	55,083
Other purposes	-	-	-	130,391	130,391
Committed:					
Capital improvements	-	-	-	439,743	439,743
Assigned:					
Student instruction	10,191	-	-	-	10,191
Student and staff support	364,726	-	-	-	364,726
School supplies	19,889	-	-	-	19,889
Student age child care	67,539	-	-	-	67,539
Other purposes	13,532	-	-	-	13,532
Unassigned (deficit)	4,047,419	-	-	(84)	4,047,335
Total fund balances	<u>4,572,133</u>	<u>975,307</u>	<u>5,715,947</u>	<u>790,645</u>	<u>12,054,032</u>
Total liabilities and fund balances	<u>\$ 14,945,451</u>	<u>\$ 2,627,948</u>	<u>\$ 6,135,227</u>	<u>\$ 1,826,612</u>	<u>\$ 25,535,238</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$	12,054,032
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			27,230,842
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	380,607	
Accounts receivable		39,535	
Accrued interest receivable		1,851	
Intergovernmental receivable		<u>244,027</u>	
Total			666,020
Unamortized premiums on bond issuance are not recognized in the funds.			(803,581)
Unamortized bond issuance costs are not recognized in the funds.			388,320
Unamortized deferred charges on refundings are not recognized in the funds.			272,737
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(82,554)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(1,481,381)	
General obligation bonds payable		(23,115,379)	
Capital lease obligations payable		<u>(18,401)</u>	
Total			<u>(24,615,161)</u>
Net assets of governmental activities		\$	<u>15,110,655</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 9,268,215	\$ 1,949,163	\$ -	\$ 678,812	\$ 11,896,190
Income taxes	4,658,303	-	-	-	4,658,303
Tuition	948,595	-	-	-	948,595
Charges for services	-	-	-	518,813	518,813
Earnings on investments	8,842	1,073	63,391	745	74,051
Extracurricular	55,584	-	-	173,410	228,994
Classroom materials and fees	95,194	-	-	108,720	203,914
Rental income	7,499	-	-	1,530	9,029
Contributions and donations	6,915	-	-	16,797	23,712
Contract services	1,175	-	-	-	1,175
Other local revenues	69,472	-	-	8,940	78,412
Intergovernmental - state	6,301,182	278,651	-	152,836	6,732,669
Intergovernmental - federal	37,742	-	-	1,877,672	1,915,414
Total revenues	21,458,718	2,228,887	63,391	3,538,275	27,289,271
Expenditures:					
Current:					
Instruction:					
Regular	11,234,180	-	-	159,228	11,393,408
Special	1,605,804	-	-	347,029	1,952,833
Vocational	193,802	-	-	49,765	243,567
Other	16,080	-	-	-	16,080
Support services:					
Pupil	1,476,139	-	-	517,331	1,993,470
Instructional staff	312,210	-	-	99,500	411,710
Board of education	156,939	-	-	5,867	162,806
Administration	1,834,489	-	-	296,641	2,131,130
Fiscal	557,590	34,324	-	12,044	603,958
Operations and maintenance	2,353,835	-	-	262,698	2,616,533
Pupil transportation	1,557,030	-	-	282,184	1,839,214
Central	33,130	-	-	5,018	38,148
Operation of non-instructional services:					
Other non-instructional services	14,086	-	-	-	14,086
Food service operations	-	-	-	825,237	825,237
Extracurricular activities	314,258	-	-	193,786	508,044
Facilities acquisition and construction	-	-	8,404,011	4,783	8,408,794
Debt service:					
Principal retirement	35,160	1,015,000	-	-	1,050,160
Interest and fiscal charges	3,177	1,056,335	-	-	1,059,512
Total expenditures	21,697,909	2,105,659	8,404,011	3,061,111	35,268,690
Excess (deficiency) of revenues over (under) expenditures	(239,191)	123,228	(8,340,620)	477,164	(7,979,419)
Other financing sources (uses):					
Transfers in	1,290,019	-	-	-	1,290,019
Transfers (out)	-	-	(790,000)	(500,019)	(1,290,019)
Total other financing sources (uses)	1,290,019	-	(790,000)	(500,019)	-
Net change in fund balances	1,050,828	123,228	(9,130,620)	(22,855)	(7,979,419)
Fund balances at beginning of year (restated)	3,521,305	852,079	14,846,567	813,500	20,033,451
Fund balances at end of year	\$ 4,572,133	\$ 975,307	\$ 5,715,947	\$ 790,645	\$ 12,054,032

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds \$ (7,979,419)

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

Government funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 8,619,578	
Current year depreciation	(665,988)	
Total		7,953,590

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

Property taxes	(58,412)	
Earnings on investments	(31,084)	
Classroom materials and fees	10,143	
Intergovernmental revenue	228,857	
Total		149,504

Repayment of bond and capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. Principal payments during the year were:

General obligation bonds	1,015,000	
Capital lease obligations	35,160	
Total		1,050,160

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	4,268	
Accreted interest on "capital appreciation" bonds	(148,856)	
Amortization of bond issuance costs	(13,121)	
Amortization of bond premiums	22,589	
Amortization of deferred charges on refundings	(3,859)	
Total		(138,979)

Some expenses reported in the statement of activities, including compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

116,496

Change in net assets of governmental activities \$ 1,151,352

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 8,350,149	\$ 8,350,149	\$ 9,028,727	\$ 678,578
Income taxes.	4,128,347	4,128,347	4,550,172	421,825
Tuition.	457,510	457,510	515,844	58,334
Earnings on investments	15,415	15,415	9,900	(5,515)
Extracurricular.	47,755	47,755	54,899	7,144
Classroom materials and fees	44,429	44,429	51,953	7,524
Rental income	8,554	8,554	7,548	(1,006)
Contributions and donations	2,873	2,873	2,150	(723)
Contract services.	2,128	2,128	1,225	(903)
Other local revenues	18,108	18,108	32,002	13,894
Intergovernmental - state	5,903,172	5,903,172	6,301,182	398,010
Intergovernmental - federal	32,158	32,158	48,079	15,921
Total revenues	19,010,598	19,010,598	20,603,681	1,593,083
Expenditures:				
Current:				
Instruction:				
Regular	10,801,531	10,901,874	10,809,658	92,216
Special.	1,639,506	1,712,853	1,656,428	56,425
Vocational.	183,457	197,590	194,727	2,863
Other.	17,939	18,000	16,080	1,920
Support services:				
Pupil.	1,545,644	1,532,033	1,479,154	52,879
Instructional staff	338,487	357,075	332,626	24,449
Board of education	206,111	210,784	163,481	47,303
Administration.	1,893,982	1,902,962	1,867,914	35,048
Fiscal	574,771	575,713	565,466	10,247
Operations and maintenance.	2,381,569	2,625,813	2,595,870	29,943
Pupil transportation	1,553,121	1,679,912	1,649,949	29,963
Central.	33,661	33,775	30,778	2,997
Operation of non-instructional services:				
Other non-instructional services.	799	915	705	210
Extracurricular activities.	329,964	315,687	279,969	35,718
Total expenditures	21,500,542	22,064,986	21,642,805	422,181
Excess of expenditures over revenues	(2,489,944)	(3,054,388)	(1,039,124)	2,015,264
Other financing sources (uses):				
Refund of prior year expenditures	9,594	9,594	10,245	651
Refund of prior year receipts.	(84)	(84)	-	84
Transfers in	1,213,750	1,213,750	1,290,019	76,269
Advances in.	72,283	72,283	76,824	4,541
Advances (out)	-	-	(99,068)	(99,068)
Total other financing sources (uses)	1,295,543	1,295,543	1,278,020	(17,523)
Net change in fund balance	(1,194,401)	(1,758,845)	238,896	1,997,741
Fund balance at beginning of year (restated).	2,840,979	2,840,979	2,840,979	-
Prior year encumbrances appropriated	185,070	185,070	185,070	-
Fund balance at end of year	\$ 1,831,648	\$ 1,267,204	\$ 3,264,945	\$ 1,997,741

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and investments.	\$ 49,407	\$ 71,227
Receivables:		
Accounts	-	76
Total assets.	<u>49,407</u>	<u>\$ 71,303</u>
Liabilities:		
Accounts payable.	-	\$ 3,191
Due to students.	-	68,112
Total liabilities	<u>-</u>	<u>\$ 71,303</u>
Net assets:		
Held in trust for scholarships	24,407	
Endowments	<u>25,000</u>	
Total net assets	<u>\$ 49,407</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 58
Deductions:	
Scholarships awarded	2,600
Change in net assets.	(2,542)
Net assets at beginning of year	51,949
Net assets at end of year.	\$ 49,407

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

The District was established in 1961. The District serves an area of approximately one hundred ninety-six square miles and is located in Delaware, Marion, Morrow and Union Counties. The District is the 203rd largest in the State of Ohio (among 918 school districts and community schools) in terms of enrollment. It is staffed by 86 classified employees, 150 certified teaching personnel and 11 administrative employees who provide services to 2,344 students and other community members. The District currently operates three elementary schools, a junior high school, a high school, an administration building and a bus garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

JOINTLY GOVERNED ORGANIZATIONS

Tri-Rivers Educational Computer Association

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public Districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. 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 Districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member Districts within each county, one representative from the city Districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2011, the District paid \$153,008 to TRECA for various services. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

Delaware Area Career Center

The Delaware Area Career Center is a distinct political subdivision of the State of Ohio which provides vocational education. The Career Center operates under the direction of a Board consisting of one representative from each of the ten participating Districts' Boards of Education. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the District is limited to its representation on the Board. Financial information can be obtained from the Delaware Area Career Center, 4565 Columbus Pike Road, Delaware, Ohio 43015.

Central Ohio Regional Professional Development Center

The Central Ohio Regional Professional Development Center (Center) is a jointly governed organization among the Districts in Delaware, Licking, Franklin, Madison, Pickaway, and Union Counties. The Center was formed to advance the State Board of Education's mission that all students can learn by creating a high performance system of education. The Center's purpose is to provide long-term ongoing meaningful professional development for all educators and school support personnel. The Center is governed by a twenty-two member Board made up of representatives from the participating Districts, the business community, and three institutions of higher learning. The degree of control exercised by any participating District is limited to its representation on the Board. Financial information can be obtained from the Southwestern City District, 2975 Kingston Avenue, Grove City, Ohio 43123.

Metropolitan Educational Council

The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of one hundred forty-two Districts, libraries, and related agencies in twenty-seven counties. The purpose of the MEC is to obtain prices for quality merchandise and services commonly used by the participants. The Governing Board of the MEC consists of one representative from each participant. All participants must pay all fees, charges, or other assessments as established by the MEC. Financial information can be obtained from the Metropolitan Educational Council, 2100 Citygate Drive, Columbus, Ohio 43219.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

PUBLIC ENTITY RISK POOLS

Ohio School Plan

The District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The 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.

Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust

The Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust (Trust) is a public entity shared risk pool consisting of seven Districts and the Champaign County and Central Ohio Educational Service Centers. The Trust is organized as a Voluntary Employee Benefit association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from the North Union Local District, 12920 State Route 739, Richwood, Ohio, 43344.

B. Basis of Presentation

The 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.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the 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 District has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the 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 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 District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. 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.

C. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the 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 following are the District's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and note principal, interest and related costs.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Building fund - The building fund is used to account for the receipts and expenditures related to all special bond funds in the District and to account for receipts and expenditures involved in the replacement or updating of equipment essential for the instruction of students. Expenditures recorded in this fund represent the costs of acquiring and improving capital facilities, including real property.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

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

D. 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 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.

The private-purpose trust funds are accounted for using a flow of economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

E. 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; fiduciary funds use 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the income is earned (See Note 8). 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On 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, income taxes, grants, interest, tuition, student fees, and charges for services.

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

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

On governmental fund financial statements, receivables that will not be collected within the available period, and delinquent property taxes due at June 30, 2011, have been 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.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

F. Budgetary Process

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds, except agency funds. The specific timetable is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Delaware County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final amended certificates of estimated resources issued for fiscal year 2011.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the function level of expenditures for the general fund and fund level for all other funds, which is the legal level of budgetary control. Budgetary allocations at the object level within the general fund and at the function and object level for all other funds are made by the District Treasurer. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation or function level of the general fund must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2011. All amounts reported in the budgetary statement reflect the original appropriations and the final appropriations, including all modifications legally enacted by the Board.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

G. Cash and Investments

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

During fiscal year 2011, investments included a U.S. Government money market, negotiable certificates of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2011.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 was \$8,842, which includes \$1,488 assigned from other District funds.

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

H. Prepaid Items

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

I. Inventory

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

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

J. Capital Assets

All of the 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 deductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The District maintains a capitalization threshold of two-thousand-five-hundred 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.

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	Governmental Activities Estimated Lives
Land improvements	20 - 50 years
Buildings and improvements	25 - 133 years
Furniture and equipment	3 - 50 years
Vehicles	10 - 15 years
Infrastructure	50 years

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “interfund loans receivables/payables”. Interfund balances within governmental activities are eliminated on the statement of net assets.

L. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the “vesting method”. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for this future severance eligibility, all employees with ten years of service at any age were included.

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

M. 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 and capital lease obligations are recognized as a liability on the fund financial statements when due.

N. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 14.A.

O. 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 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 the food service fund and the Brandon Wade Memorial fund (both nonmajor governmental funds).

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Q. 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 basic financial statements. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

R. Estimates

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 3,430,740	\$ 852,079	\$ 14,846,567	\$ 904,065	\$ 20,033,451
Fund reclassifications:					
Uniform school supplies fund	17,015	-	-	(17,015)	-
Public school support fund	27,401	-	-	(27,401)	-
Student age child care fund	43,650	-	-	(43,650)	-
Recycling fund	<u>2,499</u>	<u>-</u>	<u>-</u>	<u>(2,499)</u>	<u>-</u>
Total fund reclassifications	<u>90,565</u>	<u>-</u>	<u>-</u>	<u>(90,565)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ 3,521,305</u>	<u>\$ 852,079</u>	<u>\$ 14,846,567</u>	<u>\$ 813,500</u>	<u>\$ 20,033,451</u>

The fund reclassifications did not have an effect on net assets as previously reported.

C. Budgetary Prior Period Adjustment

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

Budgetary Basis

	<u>General Fund</u>
Balance at June 30, 2010	\$ 2,852,204
Funds budgeted elsewhere	<u>(11,225)</u>
Restated balance at July 1, 2010	<u>\$ 2,840,979</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

D. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Management information systems	\$ 41
Race to the top	43

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances are a result of adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as an other financing source.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had \$3,425 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$(106,304). A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the “zero-balance” nature of the District’s bank accounts. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2011, \$56,715 of the District’s bank balance of \$410,554 was exposed to custodial risk as discussed below, while \$353,839 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2011, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>
		<u>6 months or less</u>
U.S. Government money market	\$ 121,232	\$ 121,232
Negotiable CD's	5,876,411	5,876,411
STAR Ohio	<u>5,620,828</u>	<u>5,620,828</u>
Total	<u>\$ 11,618,471</u>	<u>\$ 11,618,471</u>

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

Credit Risk: Standard & Poor’s has assigned STAR Ohio and the U.S. Government money market an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
U.S. Government money market	\$ 121,232	1.04
Negotiable CD's	5,876,411	50.58
STAR Ohio	<u>5,620,828</u>	<u>48.38</u>
Total	<u>\$ 11,618,471</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (106,304)
Investments	11,618,471
Cash on hand	<u>3,425</u>
Total	<u>\$ 11,515,592</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 11,394,958
Private-purpose trust fund	49,407
Agency fund	<u>71,227</u>
Total	<u>\$ 11,515,592</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2011, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 99,068</u>

The interfund loans were necessitated to cover costs in specific funds where revenues were not received by June 30. These interfund loans will be repaid once the anticipated revenues are received.

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund financial statements:

Transfer to general fund from:	
Building fund	\$ 790,000
Nonmajor governmental funds	<u>500,019</u>
Total	<u>\$ 1,290,019</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer of \$790,000 from the building fund to the general fund was for interest earned related to investments of bond proceeds that were used to finance the improvement of District facilities. The transfer of \$500,000 from the permanent improvement fund (a nonmajor governmental fund) to the general fund was necessary to reimburse the general fund, which originally funded the permanent improvement fund. The transfer of \$19 from the other grants fund (a nonmajor governmental fund) was intended to close out a portion of the other grants fund that was no longer being used by the District.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, 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.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Delaware, Morrow, Union and Marion Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$1,217,572 in the general fund, \$254,984 in the debt service fund and \$90,422 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2010 was \$974,599 in the general fund, \$214,672 in the debt service fund and \$72,361 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 488,085,200	97.54	\$ 489,313,470	97.56
Public utility personal	11,727,940	2.34	12,217,290	2.44
Tangible personal property	<u>574,015</u>	<u>0.12</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 500,387,155</u>	<u>100.00</u>	<u>\$ 501,530,760</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 34.95		\$ 34.73	

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, income taxes, and property 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, 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 receivables follows:

Governmental activities:

Property taxes	\$ 11,771,784
Income taxes	1,751,042
Accounts	40,457
Accrued interest	3,697
Intergovernmental	<u>419,495</u>
Total	<u>\$ 13,986,475</u>

NOTE 8 - INCOME TAX

The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1993, and is for a continuing period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of \$4,658,303 was credited to the general fund during fiscal year 2011.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 498,673	\$ -	\$ -	\$ 498,673
Construction in progress	<u>1,598,905</u>	<u>8,404,011</u>	<u>-</u>	<u>10,002,916</u>
Total capital assets, not being depreciated	<u>2,097,578</u>	<u>8,404,011</u>	<u>-</u>	<u>10,501,589</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,503,564	-	-	1,503,564
Building and improvements	19,104,897	-	-	19,104,897
Furniture and equipment	2,044,337	-	-	2,044,337
Vehicles	2,204,595	215,567	(116,225)	2,303,937
Infrastructure	<u>154,668</u>	<u>-</u>	<u>-</u>	<u>154,668</u>
Total capital assets, being depreciated	<u>25,012,061</u>	<u>215,567</u>	<u>(116,225)</u>	<u>25,111,403</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(456,408)	(52,705)	-	(509,113)
Building and improvements	(4,892,431)	(301,510)	-	(5,193,941)
Furniture and equipment	(1,344,418)	(106,782)	-	(1,451,200)
Vehicles	(1,072,263)	(202,257)	116,225	(1,158,295)
Infrastructure	<u>(66,867)</u>	<u>(2,734)</u>	<u>-</u>	<u>(69,601)</u>
Total accumulated depreciation	<u>(7,832,387)</u>	<u>(665,988)</u>	<u>116,225</u>	<u>(8,382,150)</u>
Depreciable capital assets, net	<u>17,179,674</u>	<u>(450,421)</u>	<u>-</u>	<u>16,729,253</u>
Governmental activities capital assets, net	<u>\$ 19,277,252</u>	<u>\$ 7,953,590</u>	<u>\$ -</u>	<u>\$ 27,230,842</u>

The construction in progress represents costs incurred by June 30, 2011 on the high school renovation project. The total project is expected to cost approximately \$16 million and estimated to be completed by January 2012.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 229,595
Special	15,382
Vocational	5,697
<u>Support services:</u>	
Pupil	11,026
Instructional staff	41,748
Administration	9,225
Fiscal	718
Operations and maintenance	40,109
Pupil transportation	205,028
<u>Operation of non-instructional services:</u>	
Other non-instructional services	12,976
Food service operations	8,826
Extracurricular activities	<u>85,658</u>
Total depreciation expense	<u>\$ 665,988</u>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

For fiscal year 2011, the District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Coverage provided by the Ohio School Plan is as follows:

Automobile Liability	\$2,000,000
Uninsured Motorist	1,000,000
Buildings and Contents/Boiler and Machinery	70,607,488
General District Liability	
Per Occurrence	2,000,000
Total Per Year	4,000,000
Excess Liability	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.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - RISK MANAGEMENT - (Continued)

B. Worker's Compensation Rating Plan

For fiscal year 2011, the 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 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 CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Medical, Dental and Life Insurance

The District participated in the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust (Trust), a public entity shared risk pool consisting of eight Districts and the Champaign County and Central Ohio Educational Service Centers. The District pays monthly premiums to the Trust for employee medical, dental, and life insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$351,551, \$365,398 and \$259,101, respectively; 46.95 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 11 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,240,691, \$1,269,938 and \$1,216,009, respectively; 82.81 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$70,228 made by the District and \$50,163 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$85,442, \$55,394 and \$158,164, respectively; 46.95 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$22,623, \$21,729 and \$21,378, respectively; 46.95 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$95,438, \$97,688 and \$93,539, respectively; 82.81 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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 upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of two hundred forty-five days for all employees. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit. In addition, sick leave in excess of one hundred twenty days is calculated on a basis of the total accumulated sick leave days up to and including two hundred thirty days multiplied by .357 for classified employees, and up to and including two hundred thirty days multiplied by .333 for certified employees.

B. Health Care Benefits

The District offers medical, dental, and life insurance benefits to employees through the Champaign, Delaware, Marion, Union School Employee Welfare Benefit Association Trust. Depending on the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - LONG-TERM OBLIGATIONS

A. Changes in the District's long-term obligations during fiscal year 2011 were as follows:

	Balance Outstanding <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>June 30, 2011</u>	Amount Due in <u>One Year</u>
<u>General Obligation Bonds:</u>					
School Building Bonds (Series 1995)					
Term Bonds 5.00-6.85%	\$ 4,000,000	\$ -	\$ (560,000)	\$ 3,440,000	\$ 605,000
Refunding School Building Bonds (Series 2004)					
Serial Bonds 2.00-4.00%	4,095,008	-	(60,000)	4,035,008	60,000
Capital Appreciation Bonds	204,992	-	-	204,992	-
Accreted Interest on Capital Appreciation Bonds	237,412	65,585	-	302,997	-
School Facilities Bonds (Series 2009)					
Current Interest Bonds 2.50%-5.00%	14,945,000	-	(395,000)	14,550,000	405,000
Capital Appreciation Bonds	419,994	-	-	419,994	-
Accreted Interest on Capital Appreciation Bonds	79,117	83,271	-	162,388	-
Total, general obligation bonds	<u>23,981,523</u>	<u>148,856</u>	<u>(1,015,000)</u>	<u>23,115,379</u>	<u>1,070,000</u>
<u>Other Long-Term Obligations:</u>					
Capital lease obligations	53,561	-	(35,160)	18,401	17,643
Compensated absences	<u>1,675,411</u>	<u>206,590</u>	<u>(222,781)</u>	<u>1,659,220</u>	<u>301,673</u>
Total, other long-term obligations	<u>1,728,972</u>	<u>206,590</u>	<u>(257,941)</u>	<u>1,677,621</u>	<u>319,316</u>
Total, all governmental activities long-term liabilities	25,710,495	<u>\$ 355,446</u>	<u>\$ (1,272,941)</u>	24,793,000	<u>\$ 1,389,316</u>
Add: unamortized premiums	826,170			803,581	
Less: deferred charges on refunding	<u>(276,596)</u>			<u>(272,737)</u>	
Total on statement of net assets	<u>\$ 26,260,069</u>			<u>\$ 25,323,844</u>	

Compensated Absences: Compensated absences will be paid from the general fund, food service fund (a nonmajor governmental fund) and IDEA, Part B fund (a nonmajor governmental fund).

Capital Leases: Capital lease obligations will be paid from the general fund. See Note 15 for details.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

- B. School Building Bonds (Series 1995)** - On December 1, 1995, the District issued \$14,000,000 in voted general obligation bonds for improving and constructing school buildings and facilities. The bonds were issued for a twenty-five year period, with final maturity in fiscal year 2016. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The interest rates on the bonds range from 5.00% to 6.85%. The bonds are being retired through the debt service fund.
- C. Refunding School Building Bonds (Series 2004)** - On October 1, 2004, the District issued bonds, in the amount of \$4,650,000, to partially refund bonds previously issued in fiscal year 1996, in the amount of \$4,650,000, for improving and constructing school buildings and facilities. The refunding bond issue included serial and capital appreciation bonds, in the amount of \$4,445,008 and \$204,992, respectively. The bonds were issued for a sixteen year period, with final maturity during fiscal year 2021. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The bonds are being retired through the debt service fund.

The serial bonds are subject to prior redemption on or after December 1, 2014, by and at the sole option of the District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100% of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds mature on December 1, 2014, 2015 and 2016 (stated interest 14.24%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,050,000. Total accreted interest of \$302,997 has been included on the statement of net assets at June 30, 2011.

- D. School Facilities Bonds (Series 2009)** - On April 20, 2009, the District issued general obligation bonds to finance building construction and improvements. The issue is comprised of both current interest bonds, par value \$15,580,000, and capital appreciation bonds, par value \$419,994. The interest rate on the current interest bonds range from 2.50% to 5.00%. The capital appreciation bonds mature on December 1, 2015, 2016 and 2017 (stated interest 16.05%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,350,000. Total accreted interest of \$162,388 has been included on the statement of net assets at June 30, 2011. At June 30, 2011, the District had \$5,275,303 of unspent bond proceeds remaining on the bond issue.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net assets. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issues is December 1, 2036.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

E. Principal and interest requirements to retire general long-term obligations outstanding at June 30, 2011, were as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - Series 2004			Capital Appreciation Bonds - Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 60,000	\$ 158,490	\$ 218,490	\$ -	\$ -	\$ -
2013	65,000	156,303	221,303	-	-	-
2014	65,000	154,027	219,027	-	-	-
2015	-	152,890	152,890	17,454	52,546	70,000
2016	-	152,890	152,890	15,211	54,789	70,000
2017 - 2021	3,845,008	466,535	4,311,543	172,327	737,673	910,000
Total	<u>\$ 4,035,008</u>	<u>\$ 1,241,135</u>	<u>\$ 5,276,143</u>	<u>\$ 204,992</u>	<u>\$ 845,008</u>	<u>\$ 1,050,000</u>

Fiscal Year Ending June 30,	Current Interest Bonds - Series 2009			Capital Appreciation Bonds - Series 2009		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 405,000	\$ 631,000	\$ 1,036,000	\$ -	\$ -	\$ -
2013	415,000	620,750	1,035,750	-	-	-
2014	430,000	609,650	1,039,650	-	-	-
2015	440,000	597,138	1,037,138	-	-	-
2016	-	590,538	590,538	162,081	287,919	450,000
2017 - 2021	1,410,000	2,872,499	4,282,499	257,913	642,087	900,000
2022 - 2026	2,755,000	2,404,891	5,159,891	-	-	-
2027 - 2031	3,400,000	1,736,100	5,136,100	-	-	-
2032 - 2036	4,300,000	807,000	5,107,000	-	-	-
2037	995,000	24,875	1,019,875	-	-	-
Total	<u>\$ 14,550,000</u>	<u>\$ 10,894,441</u>	<u>\$ 25,444,441</u>	<u>\$ 419,994</u>	<u>\$ 930,006</u>	<u>\$ 1,350,000</u>

Fiscal Year Ending June 30,	School Building Bonds - Series 1995		
	Principal	Interest	Total
2012	\$ 605,000	\$ 214,919	\$ 819,919
2013	640,000	172,278	812,278
2014	685,000	126,896	811,896
2015	725,000	78,603	803,603
2016	785,000	26,886	811,886
Total	<u>\$ 3,440,000</u>	<u>\$ 619,582</u>	<u>\$ 4,059,582</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$23,463,081 (including available funds of \$975,307) and an unvoted debt margin of \$501,531.

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the District entered into capitalized leases for copier equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in fiscal year 2011 were \$35,160 and were paid from the general fund.

	Governmental <u>Activities</u>
Equipment under capital lease	\$ 281,093
Less: accumulated depreciation	<u>(268,812)</u>
Total June 30, 2011	<u>\$ 12,281</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 18,514
2013	<u>766</u>
Total minimum lease payments	<u>19,280</u>
Less: amount representing interest	<u>(879)</u>
Total	<u>\$ 18,401</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 16 - DONOR RESTRICTED ENDOWMENTS

The District's private purpose trust funds include donor restricted endowments. Endowments, in the amount of \$25,000, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the District is \$24,407 and is included as held in trust for scholarships. State law permits the District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used to provide scholarships each year.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 238,896
Net adjustment for revenue accruals	321,685
Net adjustment for expenditure accruals	90,000
Net adjustment for other sources/uses	11,999
Funds budgeted elsewhere	30,922
Adjustment for encumbrances	<u>357,326</u>
GAAP basis	<u>\$ 1,050,828</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, public school support fund, library/BV east opera fund, student age child care fund, recycling fund and portions of the special trust fund.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 18 - SET-ASIDES

The 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 year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	356,912	356,912
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(522,973)	-
Excess qualified expenditures from prior years	(327,948)	-
Current year offsets	-	(787,993)
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ (494,009)</u>	<u>\$ (431,081)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. During fiscal year 2009, the District issued \$15,999,994 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$15,999,994 at June 30, 2011.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 19 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

B. Litigation

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The District Board of Education is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

NOTE 20 - CONTRACTUAL COMMITMENTS

As a result of a construction project that was in progress at June 30, 2011, the District had the following outstanding contractual commitment at fiscal year end:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Outstanding</u>
2K General Company, Inc.	\$ 4,412,760	\$ (2,661,175)	\$ 1,751,585
Aggressive Mechanical, Inc.	437,863	(352,757)	85,106
AHC Environmental Services	27,132	(11,452)	15,680
Continental Office Environment	342,099	(130,243)	211,856
Converse Electric, Inc.	2,466,595	(1,685,413)	781,182
Tom Sexton & Associates	38,045	-	38,045
TP Mechanical Contractors	220,929	(169,949)	50,980
Vaughn Industries	2,710,462	(2,155,835)	554,627
Total	<u>\$ 10,655,885</u>	<u>\$ (7,166,824)</u>	<u>\$ 3,489,061</u>

NOTE 21 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 351,895
Building fund	3,388,104
Other governmental	<u>324,442</u>
Total	<u>\$ 4,064,441</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 42,598	\$ 42,598
Cash Assistance			
School Breakfast Program	10.553	44,023	44,023
National School Lunch Program	10.555	214,010	214,010
Special Milk Program for Children	10.556	3,541	3,541
Total Nutrition Cluster		<u>304,172</u>	<u>304,172</u>
Total United States Department of Agriculture		<u>304,172</u>	<u>304,172</u>
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	263,693	268,147
ARRA - Title I Grants to Local Educational Agencies	84.389	<u>43,628</u>	<u>41,389</u>
Total Title I Cluster		307,321	309,536
Special Education Cluster:			
Special Education Grants to States	84.027	459,758	477,330
ARRA - Special Education Grants to States	84.391	<u>177,218</u>	<u>197,222</u>
Total Special Education Cluster		<u>636,976</u>	<u>674,552</u>
Education Technology State Grants	84.318	1,479	1,479
Improving Teacher Quality State Grants	84.367	107,141	90,235
ARRA - State Fiscal Stabilization Fund	84.394	378,936	379,001
ARRA - Race to the Top	84.395	<u>5,187</u>	<u>6,818</u>
Total United States Department of Education		<u>1,437,040</u>	<u>1,461,621</u>
Total Federal Awards		<u>\$ 1,741,212</u>	<u>\$ 1,765,793</u>

The accompanying notes are an integral part of this schedule.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



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*

Buckeye Valley Local School District
District County
679 Coover Road
Delaware, Ohio 43015

To the Board of Education:

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

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or 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*.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

www.auditor.state.oh.us

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

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



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

January 11, 2012



Dave Yost • Auditor of State

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

Buckeye Valley Local School District
Delaware County
679 Coover Road
Delaware, Ohio 43015

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

www.auditor.state.oh.us

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

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 11, 2012.

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



Robert R Hinkle, CPA, CGFM
Chief Deputy Auditor

January 11, 2012

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #10.553, #10.555, and #10.556 – Nutrition Cluster CFDA #84.027 and #84.391 – Special Education Grants to State Cluster CFDA #84.394 – State Fiscal Stabilization Fund
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Buckeye Valley Local Schools
Delaware County
679 Coover Road
Delaware, Ohio 43015

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

1. We noted the Board amended its anti-harassment policy at its meeting on April 20, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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.

Handwritten signature of Robert R. Hinkle in black ink.

Robert R. Hinkle, CPA, CGFM
Deputy Chief Auditor

January 11, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

BUCKEYE VALLEY LOCAL SCHOOL DISTRICT

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 7, 2012**