



**Auditor of State
Betty Montgomery**

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

TABLE OF CONTENTS

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

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Joint Vocational School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Joint Vocational School District, Tuscarawas County, Ohio, as of June 30, 2005, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Special Revenue Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Betty Montgomery
Auditor of State

February 14, 2006

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

The discussion and analysis of the Buckeye Joint Vocational School District (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. 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 2005 are as follows:

- In total, net assets of governmental activities increased \$54,100 which represents a 0.35% increase from 2004.
- General revenues accounted for \$10,692,937 in revenue or 77.53% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,098,882 or 22.47% of total revenues of \$13,791,819.
- The District had \$13,737,719 in expenses related to governmental activities; \$3,098,882 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,692,937 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, adult education and building fund. The general fund had \$10,411,058 in revenues and other financing sources and \$10,326,329 in expenditures and other financing uses. During fiscal year 2005, the general fund's fund balance increased \$84,729 from \$8,914,911 to \$8,999,640.
- The adult education fund had \$1,413,121 in revenues and \$1,446,420 in expenditures. During fiscal year 2005, the adult education fund's fund balance decreased \$33,299 from \$220,759 to \$187,460.
- The building fund had \$505,545 in revenues and \$59,733 in expenditures. During fiscal year 2005, the building fund's fund balance increased \$445,812 from \$1,288,680 to \$1,734,492.

Using these Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-48 of this report.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2005 and 2004.

	Net Assets	
	Governmental Activities	Restated Governmental Activities
	<u>2005</u>	<u>2004</u>
<u>Assets</u>		
Current and other assets	\$ 16,724,295	\$ 15,878,035
Capital assets, net	<u>4,892,540</u>	<u>5,046,512</u>
Total assets	<u>21,616,835</u>	<u>20,924,547</u>
<u>Liabilities</u>		
Current liabilities	5,550,018	5,041,910
Long-term liabilities	<u>623,490</u>	<u>493,410</u>
Total liabilities	<u>6,173,508</u>	<u>5,535,320</u>
<u>Net Assets</u>		
Invested in capital assets, Net of related debt	4,801,711	5,046,512
Restricted	1,852,044	1,881,321
Unrestricted	<u>8,789,572</u>	<u>8,461,394</u>
Total net assets	<u>\$ 15,443,327</u>	<u>\$ 15,389,227</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$15,443,327. Of this total, \$8,789,572 is unrestricted in use.

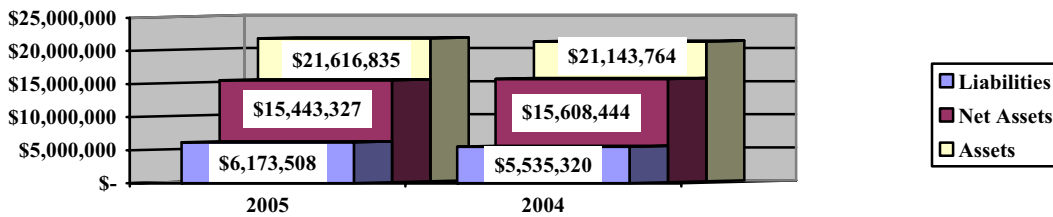
**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

At year-end, capital assets represented 22.63% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District had \$4,892,540 invested in capital assets at June 30, 2005. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net assets, \$1,852,044, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$8,789,572 may be used to meet the District's ongoing obligations to the students and creditors.

Governmental Activities



The table below shows the change in net assets for fiscal year 2005 and 2004.

Change in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,631,781	\$ 1,836,582
Operating grants and contributions	1,467,101	1,565,176
Capital grants and contributions	-	3,000
General revenues:		
Property taxes	4,579,880	4,327,113
Grants and entitlements	5,931,352	5,432,299
Investment earnings	159,078	181,326
Gain on sale of capital assets	-	960
Other	22,627	18,278
Total revenues	13,791,819	13,364,734

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Change in Net Assets

	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 1,997,001	\$ 1,249,476
Special	323,371	277,294
Vocational	5,346,549	5,715,298
Adult/continuing	1,697,546	1,609,240
Support services:		
Pupil	750,097	760,799
Instructional staff	623,596	662,583
Board of education	100,301	83,985
Administration	542,335	565,310
Fiscal	328,669	324,017
Operations and maintenance	1,504,816	1,330,129
Pupil transportation	22,884	24,384
Central	111,454	129,601
Food service operations	378,300	378,523
Operations of non-instructional services	5,793	4,263
Extracurricular activities	3,343	488
Interest and fiscal charges	<u>1,664</u>	<u>-</u>
Total expenses	<u>13,737,719</u>	<u>13,115,390</u>
Change in net assets	54,100	249,344
Net assets at beginning of year	<u>15,389,227</u>	<u>15,139,883</u>
Net assets at end of year	<u>\$ 15,443,327</u>	<u>\$ 15,389,227</u>

Governmental Activities

Net assets of the District's governmental activities increased \$54,100. Total governmental expenses of \$13,737,719 were offset by program revenues of \$3,098,882 and general revenues of \$10,692,937. Program revenues supported 22.56% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 76.21% of total governmental revenue.

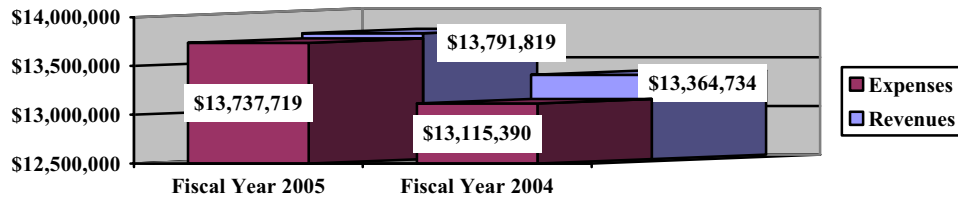
The largest expense of the District is for instructional programs. Instruction expenses totaled \$9,364,467 or 68.17% of total governmental expenses for fiscal 2005.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2005 and 2004.

Governmental Activities - Revenues and Expenses



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

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2005	2005	2004	2004
Program expenses				
Instruction:				
Regular	\$ 1,997,001	\$ 1,684,681	\$ 1,249,476	\$ 1,200,235
Special	323,371	323,371	277,294	277,294
Vocational	5,346,549	4,839,694	5,715,298	5,102,055
Adult/continuing	1,697,546	264,804	1,609,240	(178,958)
Support services:				
Pupil	750,097	484,906	760,799	391,471
Instructional staff	623,596	527,770	662,583	549,128
Board of education	100,301	100,301	83,985	83,985
Administration	542,335	534,943	565,310	554,140
Fiscal	328,669	327,477	324,017	296,888
Operations and maintenance	1,504,816	1,450,139	1,330,129	1,327,611
Pupil transportation	22,884	22,884	24,384	24,384
Central	111,454	(707)	129,601	4,293
Food service operations	378,300	75,045	378,523	73,455
Operations of non-instructional services	5,793	2,765	4,263	4,163
Extracurricular activities	3,343	(900)	488	488
Interest and fiscal charges	1,664	1,664	-	-
Total expenses	<u>\$ 13,737,719</u>	<u>\$ 10,638,837</u>	<u>\$ 13,115,390</u>	<u>\$ 9,710,632</u>

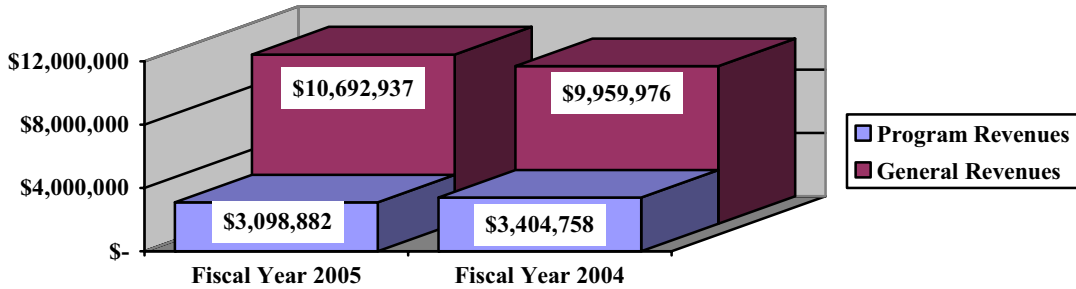
The dependence upon tax and other general revenues for governmental activities is apparent, 75.95% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 77.44%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2005.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$11,007,035, which is higher than last year's total of \$10,624,059. The June 30, 2004, fund balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	Fund Balance June 30, 2005	Restated Fund Balance June 30, 2004	Increase	Percentage Change
General	\$ 8,999,640	\$ 8,914,911	\$ 84,729	0.95 %
Adult Education	187,460	220,759	(33,299)	(15.08) %
Building	1,734,492	1,288,680	445,812	34.59 %
Other Governmental	85,443	199,709	(114,266)	(57.22) %
Total	<u>\$11,007,035</u>	<u>\$10,624,059</u>	<u>\$ 382,976</u>	3.60 %

General Fund

The District's general fund balance increased \$84,729 (after a restatement to the June 30, 2004, fund balance which is detailed in Note 3.A. to the basic financial statements). The increase in fund balance can be attributed to several items related to increasing revenues and increased expenditures. Revenues exceeded expenditures for fiscal year 2005 by \$101,313. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

	2005 <u>Amount</u>	2004 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,100,285	\$ 3,995,126	\$ 105,159	2.63 %
Tuition	-	16,790	(16,790)	(100.00) %
Earnings on investments	108,645	170,723	(62,078)	(36.36) %
Charges for services	193,795	405,575	(211,780)	(52.22) %
Intergovernmental	5,885,844	5,462,764	423,080	7.74 %
Other revenues	<u>24,232</u>	<u>13,595</u>	<u>10,637</u>	78.24 %
 Total	 <u>\$ 10,312,801</u>	 <u>\$ 10,064,573</u>	 <u>\$ 248,228</u>	 2.47 %
<u>Expenditures</u>				
Instruction	\$ 6,877,298	\$ 6,578,724	\$ 298,574	4.54 %
Support services	3,226,841	3,093,328	133,513	4.32 %
Capital outlay	98,257	-	98,257	100.00 %
Debt service	<u>9,092</u>	<u>-</u>	<u>9,092</u>	100.00 %
 Total	 <u>\$ 10,211,488</u>	 <u>\$ 9,672,052</u>	 <u>\$ 539,436</u>	 5.58 %

Adult Education Fund

The adult education fund had \$1,413,121 in revenues and \$1,446,420 in expenditures. During fiscal year 2005, the adult education fund's fund balance decreased \$33,299 from \$220,759 to \$187,460.

Building Fund

The building fund had \$505,545 in revenues and \$59,733 in expenditures. During fiscal year 2005, the building fund's fund balance increased \$445,812 from \$1,288,680 to \$1,734,492.

General Fund Budgeting Highlights

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

During the course of fiscal 2005, the District amended its general fund budget several times. These increases were primarily due to change in school foundation formulas and conservative estimates for taxes revenues. For the general fund, original budgeted revenues and other financing sources were \$9,810,996 and final budgeted revenues and other financing sources were \$11,004,886. Actual revenues and other financing sources for fiscal 2005 was \$11,020,541. This represents a \$15,655 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$10,710,607 were increased to \$10,892,841 in the final appropriated budget. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$10,805,148, which was \$87,693 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the District had \$4,892,540 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2005 balances compared to 2004:

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

	Governmental Activities	
	2005	2004
Land	\$ 471,550	\$ 471,550
Land improvements	35,584	38,798
Building and improvements	2,508,352	2,690,880
Furniture and equipment	1,709,959	1,685,135
Vehicles	167,095	160,149
 Total	 \$ 4,892,540	 \$ 5,046,512

The overall decrease in capital assets of \$153,972 is due to depreciation expense of \$564,865 and disposals of \$16,868 (net of accumulated depreciation) exceeding capital outlays of \$427,761 in the fiscal year.

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

Debt Administration

At June 30, 2005 the District had \$90,829 in capital lease obligations outstanding. Of this total, \$23,074 is due within one year and \$67,755 is due within greater than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2005	2004
Capital lease obligations	\$ 90,829	\$ -
Total	\$ 90,829	\$ -

See Note 9 to the basic financial statements for additional information on the District's long-term obligations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Current Financial Related Activities

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

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

Although the District relies heavily on its property taxpayers to support its operations, the community support for the District is quite strong. Both of our levies have been renewed by an overwhelming margin. The District expects to have a positive general fund balance through 2009. We have tried to communicate to the public the service that our District provides to the community. We have a very strong adult education program that services many of our community members. The District has a strong public relations campaign that explains to the public what we are trying to do.

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

The District does not anticipate any meaningful growth in the State revenue. The District's revenue is based upon enrollment, which can not be controlled by the District. Enrollment has remained steady for the past several years, and is anticipated to remain the same.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Carla Cooper, Treasurer, Buckeye Joint Vocational School, 545 University Drive NE, New Philadelphia, OH 44663, or email at ccooper@bjvs.k12.oh.us.

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

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 11,618,451
Receivables:	
Taxes	4,836,392
Accounts	1,893
Intergovernmental	55,511
Accrued interest	50,074
Prepayments	43,746
Materials and supplies inventory	118,228
Capital assets:	
Land	471,550
Depreciable capital assets, net	4,420,990
Capital assets, net.	4,892,540
 Total assets.	 21,616,835
 Liabilities:	
Accounts payable.	36,493
Accrued wages and benefits	826,906
Pension obligation payable.	107,963
Intergovernmental payable	60,535
Deferred revenue	4,439,194
Accrued vacation leave payable	78,927
Long-term liabilities:	
Due within one year.	39,054
Due within more than one year	584,436
Total liabilities	6,173,508
 Net Assets:	
Invested in capital assets, Net of related debt	4,801,711
Restricted for:	
Capital projects	1,752,503
State funded programs.	2,028
Federally funded programs.	30,756
Public school support.	21,677
Other purposes	45,080
Unrestricted.	8,789,572
Total net assets	\$ 15,443,327

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
		<u>and Sales</u>	<u>Contributions</u>	<u>Net Assets</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 1,997,001	\$ -	\$ 312,320	\$ (1,684,681)
Special	323,371	-	-	(323,371)
Vocational	5,346,549	237,035	269,820	(4,839,694)
Adult/continuing	1,697,546	1,141,598	291,144	(264,804)
Support services:				
Pupil	750,097	-	265,191	(484,906)
Instructional staff	623,596	-	95,826	(527,770)
Board of education	100,301	-	-	(100,301)
Administration	542,335	-	7,392	(534,943)
Fiscal	328,669	-	1,192	(327,477)
Operations and maintenance	1,504,816	32,017	22,660	(1,450,139)
Pupil transportation	22,884	-	-	(22,884)
Central	111,454	-	112,161	707
Operation of non-instructional services:				
Food service operations	378,300	214,638	88,617	(75,045)
Other non-instructional services	5,793	2,250	778	(2,765)
Extracurricular activities	3,343	4,243	-	900
Interest and fiscal charges	1,664	-	-	(1,664)
Total governmental activities	<u>\$ 13,737,719</u>	<u>\$ 1,631,781</u>	<u>\$ 1,467,101</u>	<u>(10,638,837)</u>
General Revenues:				
Property taxes levied for:				
General purposes				4,168,559
Capital projects				411,321
Grants and entitlements not restricted to specific programs				5,931,352
Investment earnings				159,078
Miscellaneous				22,627
Total general revenues				<u>10,692,937</u>
Change in net assets				54,100
Net assets at beginning of year (restated)				<u>15,389,227</u>
Net assets at end of year				<u>\$ 15,443,327</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>General</u>	<u>Adult Education</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 9,445,181	\$ 206,885	\$ 1,723,539	\$ 201,762	\$ 11,577,367
Receivables:					
Taxes	4,401,924	-	434,468	-	4,836,392
Accounts	1,748	-	-	145	1,893
Intergovernmental	-	-	-	55,511	55,511
Accrued interest	50,074	-	-	-	50,074
Interfund loans	109,511	-	-	-	109,511
Prepayments	43,746	-	-	-	43,746
Materials and supplies inventory	110,851	-	-	7,377	118,228
Restricted assets:					
Equity in pooled cash and cash equivalents	41,084	-	-	-	41,084
Total assets	<u>\$ 14,204,119</u>	<u>\$ 206,885</u>	<u>\$ 2,158,007</u>	<u>\$ 264,795</u>	<u>\$ 16,833,806</u>
Liabilities:					
Accounts payable	\$ 18,758	\$ 1,619	\$ 6,060	\$ 10,056	\$ 36,493
Accrued wages and benefits	788,582	9,067	-	29,257	826,906
Pension obligation payable	88,490	1,393	-	18,080	107,963
Intergovernmental payable	54,756	3,346	-	2,433	60,535
Interfund loan payable	-	4,000	-	105,511	109,511
Deferred revenue	4,253,893	-	417,455	14,015	4,685,363
Total liabilities	<u>5,204,479</u>	<u>19,425</u>	<u>423,515</u>	<u>179,352</u>	<u>5,826,771</u>
Fund Balances:					
Reserved for encumbrances	187,438	17,108	56,838	51,665	313,049
Reserved for materials and supplies inventory	110,851	-	-	7,377	118,228
Reserved for prepayments	43,746	-	-	-	43,746
Reserved for property tax unavailable for appropriation	175,584	-	17,013	-	192,597
Reserved for budget stabilization	41,084	-	-	-	41,084
Unreserved, undesignated, reported in:					
General fund	8,440,937	-	-	-	8,440,937
Special revenue funds	-	170,352	-	26,401	196,753
Capital projects funds	-	-	1,660,641	-	1,660,641
Total fund balances	<u>8,999,640</u>	<u>187,460</u>	<u>1,734,492</u>	<u>85,443</u>	<u>11,007,035</u>
Total liabilities and fund balances	<u>\$ 14,204,119</u>	<u>\$ 206,885</u>	<u>\$ 2,158,007</u>	<u>\$ 264,795</u>	<u>\$ 16,833,806</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005

Total governmental fund balances		\$	11,007,035
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			4,892,540
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	204,601	
Intergovernmental revenue		14,015	
Accrued interest		27,553	
Total			246,169
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Sick leave obligation		532,661	
Accrued vacation leave payable		78,927	
Capital lease obligation		90,829	
Total			(702,417)
Net assets of governmental activities		\$	15,443,327

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>General</u>	<u>Adult Education</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 4,100,285	\$ -	\$ 405,170	\$ -	\$ 4,505,455
Tuition	-	1,037,586	-	-	1,037,586
Charges for services	193,795	-	-	214,638	408,433
Earnings on investments	108,645	-	22,850	30	131,525
Classroom materials and fees	-	91,612	-	43,240	134,852
Other local revenues	22,627	12,400	32,017	6,493	73,537
Other revenue	1,605	-	-	-	1,605
Intergovernmental - State	5,885,844	270,548	45,508	176,624	6,378,524
Intergovernmental - Federal	-	975	-	1,144,862	1,145,837
Total revenue	<u>10,312,801</u>	<u>1,413,121</u>	<u>505,545</u>	<u>1,585,887</u>	<u>13,817,354</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,631,355	-	-	343,031	1,974,386
Special	323,371	-	-	-	323,371
Vocational	4,922,572	-	-	216,432	5,139,004
Adult/continuing	-	1,446,193	-	221,675	1,667,868
Support services:					
Pupil	474,059	-	-	274,984	749,043
Instructional staff	437,769	227	-	173,934	611,930
Board of education	100,301	-	-	-	100,301
Administration	530,585	-	-	8,878	539,463
Fiscal	313,400	-	8,964	6,010	328,374
Operations and maintenance	1,354,795	-	18,201	78,982	1,451,978
Pupil transportation	15,932	-	-	-	15,932
Central	-	-	-	111,454	111,454
Operation of non-instructional services:					
Food service operations	-	-	-	370,478	370,478
Other non-instructional services	-	-	-	5,793	5,793
Extracurricular activities	-	-	-	3,343	3,343
Facilities acquisition and construction	-	-	32,568	-	32,568
Capital outlay	98,257	-	-	-	98,257
Debt service:					
Principal retirement	7,428	-	-	-	7,428
Interest and fiscal charges	1,664	-	-	-	1,664
Total expenditures	<u>10,211,488</u>	<u>1,446,420</u>	<u>59,733</u>	<u>1,814,994</u>	<u>13,532,635</u>
Excess (deficiency) of revenues over (under) expenditures	<u>101,313</u>	<u>(33,299)</u>	<u>445,812</u>	<u>(229,107)</u>	<u>284,719</u>
Other financing sources (uses):					
Transfers in	-	-	-	114,841	114,841
Transfers (out)	(114,841)	-	-	-	(114,841)
Capital lease transactions	98,257	-	-	-	98,257
Total other financing sources (uses)	<u>(16,584)</u>	<u>-</u>	<u>-</u>	<u>114,841</u>	<u>98,257</u>
Net change in fund balances	84,729	(33,299)	445,812	(114,266)	382,976
Fund balances at					
beginning of year (restated)	<u>8,914,911</u>	<u>220,759</u>	<u>1,288,680</u>	<u>199,709</u>	<u>10,624,059</u>
Fund balances at end of year	<u>\$ 8,999,640</u>	<u>\$ 187,460</u>	<u>\$ 1,734,492</u>	<u>\$ 85,443</u>	<u>\$ 11,007,035</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds \$ 382,976

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

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

Capital asset additions	427,761	
Current year depreciation	(564,865)	
Total		(137,104)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net assets. (16,868)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (25,535)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 7,428

Proceeds of lease transactions are recorded as revenue in the funds, however on the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets. (98,257)

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

Sick leave obligation	(39,251)	
Accrued vacation leave payable	(19,289)	
Total		(58,540)

Change in net assets of governmental activities \$ 54,100

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 3,765,861	\$ 4,225,517	\$ 4,230,028	\$ 4,511
Tuition.	-	275	275	-
Charges for services	330,910	362,429	370,381	7,952
Earnings on investments.	174,872	195,138	196,426	1,288
Other local revenues.	17,416	19,075	20,879	1,804
Other revenues.	1,429	1,605	1,605	-
Intergovernmental - State	5,241,633	5,887,689	5,887,699	10
Total revenue	<u>9,532,121</u>	<u>10,691,728</u>	<u>10,707,293</u>	<u>15,565</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,157,869	1,168,868	1,159,791	9,077
Special.	349,589	330,590	327,430	3,160
Vocational.	5,453,473	5,482,144	5,457,372	24,772
Support services:				
Pupil.	471,536	473,036	468,704	4,332
Instructional staff	509,238	462,238	449,671	12,567
Board of education	132,800	132,800	114,684	18,116
Administration.	535,613	550,613	540,628	9,985
Fiscal	310,547	313,547	312,881	666
Operations and maintenance.	1,340,139	1,477,139	1,475,514	1,625
Pupil transportation	58,803	25,803	24,558	1,245
Central.	13,000	16,714	16,714	-
Operation of non-instructional services:				
Other non-instructional services	3,000	1,500	-	1,500
Total expenditures	<u>10,335,607</u>	<u>10,434,992</u>	<u>10,347,947</u>	<u>87,045</u>
Excess of revenues over (under) expenditures.	<u>(803,486)</u>	<u>256,736</u>	<u>359,346</u>	<u>102,610</u>
Other financing sources (uses):				
Transfers in.	51,500	57,848	57,848	-
Transfers (out)	(100,000)	(172,849)	(114,841)	58,008
Advances in.	227,375	255,310	255,400	90
Advances (out)	(275,000)	(285,000)	(342,360)	(57,360)
Total other financing sources (uses)	<u>(96,125)</u>	<u>(144,691)</u>	<u>(143,953)</u>	<u>738</u>
Net change in fund balance	(899,611)	112,045	215,393	103,348
Fund balance at beginning of year.	8,767,826	8,767,826	8,767,826	-
Prior year encumbrances appropriated	376,353	376,353	376,353	-
Fund balance at end of year	<u>\$ 8,244,568</u>	<u>\$ 9,256,224</u>	<u>\$ 9,359,572</u>	<u>\$ 103,348</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Tuition.	\$ 904,216	\$ 1,019,630	\$ 1,037,811	\$ 18,181
Classroom materials and fees.	79,819	90,000	91,612	1,612
Other local revenues.	10,804	11,080	12,400	1,320
Intergovernmental - State	238,827	274,000	274,113	113
Intergovernmental - Federal.	849	-	975	975
Total revenue	<u>1,234,515</u>	<u>1,394,710</u>	<u>1,416,911</u>	<u>22,201</u>
Expenditures:				
Current:				
Instruction:				
Adult/Continuing.	1,229,405	1,446,816	1,384,746	62,070
Support services:				
Instructional staff	75,633	76,933	76,772	161
Total expenditures	<u>1,305,038</u>	<u>1,523,749</u>	<u>1,461,518</u>	<u>62,231</u>
Excess of revenues over (under) expenditures.	<u>(70,523)</u>	<u>(129,039)</u>	<u>(44,607)</u>	<u>84,432</u>
Other financing sources:				
Advances in.	3,485	4,000	4,000	-
Total other financing sources	<u>3,485</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Net change in fund balance	(67,038)	(125,039)	(40,607)	84,432
Fund balance at beginning of year.	222,794	222,794	222,794	-
Prior year encumbrances appropriated	5,971	5,971	5,971	-
Fund balance at end of year	<u>\$ 161,727</u>	<u>\$ 103,726</u>	<u>\$ 188,158</u>	<u>\$ 84,432</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 66,067	\$ 33,755
Receivables:		
Accrued interest.	365	-
Total assets.	66,432	\$ 33,755
Liabilities:		
Accounts payable.	-	\$ 565
Deferred revenue.	365	-
Due to students	-	33,190
Total liabilities	365	\$ 33,755
Net Assets:		
Held in trust for scholarships	66,067	
Total net assets	\$ 66,432	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 967
Gifts and contributions.	600
	1,567
Total additions.	1,567
Change in net assets	1,567
Net assets at beginning of year.	64,500
Net assets at end of year	\$ 66,067

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

The District operates under an eleven member board representing Dover, New Philadelphia, Carrollton, Garaway, East Holmes, Strasburg, Conotton Valley, Claymont, Newcomerstown, Indian Valley and Tuscarawas Valley School Districts. Each Board member is elected to their home District and then appointed to the District's board. The District provides educational services as authorized by State statute and federal guidelines. The District employs 92 certified employees and 29 non-certified employees who provide services to 858 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the basic financial statements of the District are not misleading. When applying GASB Statement No. 14, management has considered all potential component units. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the debt, the issuance of debt, or the levying of taxes. Based upon the application of this criteria, the District has no component units. The financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

JOINTLY GOVERNED ORGANIZATION

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

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating Districts' elected boards, which possesses its own budgeting and taxing authority OME-RESA provides financial accounting services, educational management information, and cooperative purchasing to member Districts. The Jefferson County Educational Service District serves as fiscal agent and receives funding from the State Department of Education. The District paid \$8,585 to OME-RESA during fiscal year 2005 for services. To obtain financial information write to the Ohio Mid-Eastern Educational Service Agency, Steubenville, Ohio 43952.

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

East Ohio Schools Employees Insurance Consortium (EOSEIC)

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

B. Fund Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

GOVERNMENTAL FUNDS

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

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

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Fiduciary funds use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

Deferred Revenue - Deferred revenue arises 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, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

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

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

Tax Budget

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Estimated Resources

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

Appropriations

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

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

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

Lapsing of Appropriations

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

During fiscal year 2005, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal agency securities. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2005.

Under existing Ohio statute, interest earnings are allotted to the General Fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal 2005 amounted to \$108,645 which includes \$605 assigned from other District funds.

For presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

G. Inventory

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

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

H. Capital Assets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2005, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

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

M. Net Assets

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

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

N. Prepayments

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

O. Estimates

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set aside to create a reserve for budget stabilization. See Note 17 for details.

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2005.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of GASB Statement No. 40 did not have any effect on financial statements of the District, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Adult Education</u>	<u>Building</u>	<u>Nonmajor</u>
Fund Balances, June 30, 2004	\$ 8,921,546	\$ 222,185	\$ 1,288,680	\$ 216,732
GASB Technical Bulletin No. 2004-2	<u>(6,635)</u>	<u>(1,426)</u>	<u>-</u>	<u>(17,023)</u>
Restated Fund Balance, June 30, 2004	<u>\$ 8,914,911</u>	<u>\$ 220,759</u>	<u>\$ 1,288,680</u>	<u>\$ 199,709</u>

The beginning net assets of governmental activities have been restated due to accounting changes reported in capital assets in the previous year. The adjustment for capital assets had the following effect on net assets as previously reported:

	<u>Governmental Activities</u>
Net assets, June 30, 2004	\$ 15,608,444
Adjustment for capital assets	<u>(219,217)</u>
Restated net assets, June 30, 2004	<u>\$ 15,389,227</u>

B. Deficit Fund Balances

Fund balances at June 30, 2005 included the following individual fund deficits:

<u>Nonmajor Funds</u>	
Food Service	\$ 3,113
Entry Year Program	3
Miscellaneous State Grants	58
Title IIA	221

These funds complied with Ohio state law, which does not permit cash basis deficits. 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 resulted from adjustments for accrued liabilities. These deficits should be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statute classifies monies held by the District into three categories.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the purchase date in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2005, the carrying amount of all District deposits was \$5,232,786. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$4,791,949 of the District's bank balance of \$5,259,049 was exposed to custodial risk as discussed below, while \$467,100 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

B. Investments

As of June 30, 2005, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 1,002,395	\$ 1,002,395	\$ -	\$ -	\$ -	\$ -
FHLMC	1,917,388	-	595,489	491,015	-	830,884
FFCB	489,530	-	-	489,530	-	-
FHLB	1,492,655	-	-	991,875	500,780	-
FNMA	1,583,519	198,000	-	494,530	890,989	-
	<u>\$ 6,485,487</u>	<u>\$ 1,200,395</u>	<u>\$ 595,489</u>	<u>\$ 2,466,950</u>	<u>\$ 1,391,769</u>	<u>\$ 830,884</u>

The weighted average maturity of investments is .55 years.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 1,002,395	15.46%
FHLMC	1,917,388	29.55%
FFCB	489,530	7.55%
FHLB	1,492,655	23.02%
FNMA	1,583,519	24.42%
	<u>\$ 6,485,487</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 5,232,786
Investments	6,485,487
Total	<u>\$ 11,718,273</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 11,618,451
Private-purpose trust fund	66,067
Agency fund	33,755
Total	<u>\$ 11,718,273</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2005, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 105,511
General	Adult Education	4,000

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2005 are reported on the Statement of Net Assets.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	\$ 114,841

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Tuscarawas, Guernsey, Carroll, Harrison, Stark, Holmes, Wayne and Coshocton Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 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 deferred revenue.

The amount available as an advance at June 30, 2005 was \$175,584 in the general fund and \$17,013 in the building fund. These amounts have been recorded as revenue. The amount available as an advance at June 30, 2004 was \$305,327 in the general fund and \$30,197 in the building fund.

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 1,807,687,270	82.08%	\$ 2,003,823,440	83.28%
Public Utility Personal	113,622,490	5.16%	115,708,770	4.81%
Tangible Personal Property	<u>280,962,424</u>	<u>12.76%</u>	<u>286,601,593</u>	<u>11.91%</u>
Total	<u>\$ 2,202,272,184</u>	<u>100.00%</u>	<u>\$ 2,406,133,803</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.80		\$2.80	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 7 - RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities

Taxes	\$ 4,836,392
Accounts	1,893
Intergovernmental	55,511
Accrued interest	<u>50,074</u>
Total receivables	<u>\$ 4,943,870</u>

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

NOTE 8 - CAPITAL ASSETS

A. The capital asset balance of the governmental activities has been restated due to errors and omissions in the previous year:

	Balance 6/30/04	Adjustment	Restated Balance 6/30/04
Governmental Activities			
Capital assets, not being depreciated:			
Land	\$ 551,520	\$ (79,970)	\$ 471,550
Total capital assets, not being depreciated	<u>551,520</u>	<u>(79,970)</u>	<u>471,550</u>
Capital assets, being depreciated:			
Land improvements	761,829	79,970	841,799
Buildings and improvements	11,132,992	-	11,132,992
Furniture and equipment	4,254,621	-	4,254,621
Vehicles	<u>389,392</u>	<u>-</u>	<u>389,392</u>
Total capital assets, being depreciated	<u>16,538,834</u>	<u>79,970</u>	<u>16,618,804</u>
Less: accumulated depreciation:			
Land improvements	(603,001)	(200,000)	(803,001)
Buildings and improvements	(8,638,533)	196,421	(8,442,112)
Furniture and equipment	(2,353,848)	(215,638)	(2,569,486)
Vehicles	<u>(229,243)</u>	<u>-</u>	<u>(229,243)</u>
Total accumulated depreciation	<u>(11,824,625)</u>	<u>(219,217)</u>	<u>(12,043,842)</u>
Governmental activities capital assets, net	<u>\$ 5,265,729</u>	<u>\$ (219,217)</u>	<u>\$ 5,046,512</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 8 - CAPITAL ASSETS

B. Capital asset activity for the fiscal year-ended June 30, 2005, was as follows:

	Restated Balance 6/30/04	Additions	Deductions	Balance 6/30/05
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 471,550	\$ -	\$ -	\$ 471,550
Total capital assets, not being depreciated	<u>471,550</u>	<u>-</u>	<u>-</u>	<u>471,550</u>
Capital assets, being depreciated:				
Land improvements	841,799	-	-	841,799
Buildings and improvements	11,132,992	-	-	11,132,992
Furniture and equipment	4,254,621	382,260	(119,356)	4,517,525
Vehicles	389,392	45,501	(20,606)	414,287
Total capital assets, being depreciated	<u>16,618,804</u>	<u>427,761</u>	<u>(139,962)</u>	<u>16,906,603</u>
Less: accumulated depreciation:				
Land improvements	(803,001)	(3,214)	-	(806,215)
Buildings and improvements	(8,442,112)	(182,528)	-	(8,624,640)
Furniture and equipment	(2,569,486)	(340,568)	102,488	(2,807,566)
Vehicles	(229,243)	(38,555)	20,606	(247,192)
Total accumulated depreciation	<u>(12,043,842)</u>	<u>(564,865)</u>	<u>123,094</u>	<u>(12,485,613)</u>
Governmental activities capital assets, net	<u>\$ 5,046,512</u>	<u>\$ (137,104)</u>	<u>\$ (16,868)</u>	<u>\$ 4,892,540</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 24,969
Vocational	453,822
Adult/continuing education	18,105
Support Services:	
Pupil	1,687
Instructional staff	1,563
Administration	15,015
Operations and maintenance of plant	38,155
Pupil Transportation	6,952
Food service operations	<u>4,597</u>
Total depreciation expense	<u>\$ 564,865</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal 2005, the District entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$98,257. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2005 totaled \$7,428 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2005:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2006	\$ 27,276
2007	27,276
2008	27,276
2009	<u>18,184</u>
Total minimum lease payment	100,012
Less: amount representing interest	<u>(9,183)</u>
Total	<u>\$ 90,829</u>

NOTE 10 - LONG-TERM OBLIGATIONS

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

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>6/30/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/05</u>	<u>Due in</u>
					<u>One Year</u>
Governmental Activities					
Sick leave	\$ 493,410	\$ 56,677	\$ (17,426)	\$ 532,661	\$ 15,980
Capital lease obligation	<u>-</u>	<u>98,257</u>	<u>(7,428)</u>	<u>90,829</u>	<u>23,074</u>
Total governmental activities long-term liabilities	<u>\$ 493,410</u>	<u>\$ 154,934</u>	<u>\$ (24,854)</u>	<u>\$ 623,490</u>	<u>\$ 39,054</u>

Sick leave will be paid from the fund from which the employee is paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 11 - RISK MANAGEMENT

A. Workers' Compensation

For fiscal year 2005, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as on experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

B. Property and Liability

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2005, the District contracted with Indiana Insurance Company for property and general liability insurance. Indiana Insurance Company also covers commercial property, crime, inland marine, and boiler and machinery with a blanket \$29,021,103 insured value and a \$1,000 deductible.

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

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

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Health Care Benefits

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

Total required monthly premiums for coverage are as follows:

	<u>Family</u>	<u>Individual</u>
Medical/Surgical	\$ 702.68	\$ 281.07
Dental	65.52	26.21
Vision	13.88	5.55
Prescription	279.78	111.91

Settled claims have not exceeded coverage and there has been no reduction in benefits from last year.

C. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through OME-RESA Health Benefits Plan in the amount of \$50,000.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% 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 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$136,933, \$120,234 and \$88,119, respectively; 98% has been contributed for fiscal years 2005, and 100% for fiscal years 2004 and 2003.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% 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 years 2005 and 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to the DB plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$677,429, \$664,310, and \$550,243, respectively; 82% has been contributed for fiscal year 2005, and 100% for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$7,936 made by the District and \$10,529 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System. As of June 30, 2005, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid to those Board members.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2005, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$48,388 during fiscal 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004 (the latest information available), net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

After the allocation of basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For fiscal year 2005, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. However, the surcharge is capped at 2% of each employer's SERS salaries. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 (the latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$58,633 during the 2005 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP) and Actual presented for the general fund and adult education fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

	Net Change in Fund Balance	
	<u>General Fund</u>	<u>Adult Education</u>
Budget basis	\$ 215,393	\$ (40,607)
Net adjustment for revenue accruals	(394,492)	(3,790)
Net adjustment for expenditure accruals	(93,914)	(3,629)
Net adjustment for other sources/uses	127,369	(4,000)
Adjustment for encumbrances	<u>230,373</u>	<u>18,727</u>
GAAP basis	<u>\$ 84,729</u>	<u>\$ (33,299)</u>

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient..." The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 17 - STATUTORY RESERVES

The District is required by State statute to annually set aside in the general fund an amount based on statutory formula for the purchase of textbooks and other instruction materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end are carried forward to be used for same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. At June 30, 2005, only the unspent portion of certain workers' compensation refunds continues to be set aside, with the remainder reverting to the General Fund.

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

	Textbooks Instructional <u>Materials</u>	Capital <u>Maintenance</u>	Budget <u>Stabilization</u>
Set-aside cash balance as of June 30, 2004	\$ (2,609,306)	\$ -	\$ 41,084
Current year set-aside requirement	123,085	123,085	-
Qualifying disbursements	<u>(717,977)</u>	<u>(834,153)</u>	<u>-</u>
Total	<u>\$ (3,204,198)</u>	<u>\$ (711,068)</u>	<u>\$ 41,084</u>
Balance carried forward to FY 2006	<u>\$ (3,204,198)</u>	<u>\$ -</u>	<u>\$ 41,084</u>

The District had qualifying disbursements during the fiscal year that reduced the instructional materials set-aside amount below zero; this extra amount is being carried forward to reduce the set-aside requirements of future years. Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years.

A schedule of the governmental fund restricted assets at June 30, 2005 follows:

Amount restricted for budget stabilization	<u>\$ 41,084</u>
Total restricted assets	<u>\$ 41,084</u>

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	EXPENDITURES	NON-CASH EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through State Department of Education:</i>						
Child Nutrition Cluster: Food Distribution	N/A	10.550		\$24,169		\$24,169
National School Lunch Program	N/A	10.555	\$75,114		\$75,114	
TOTAL U.S. DEPARTMENT OF AGRICULTURE-CHILD NUTRITION CLUSTER			75,114	24,169	75,114	24,169
U.S. DEPARTMENT OF EDUCATION						
<i>Direct:</i>						
Federal Pell Grant Program		84.063	305,187		305,187	
<i>Passed Through State Department of Education:</i>						
Adult Education/State Grant Program	051656-ABS1-05	84.002	147,041		147,041	
Even Start Grant	051656-EVS1-2005	84.213	264,170		264,170	
Vocational Education - Basic Grants to States	20C1-2004 20C1-2005	84.048	35,690 353,104		35,690 353,104	
			388,794		388,794	
Safe and Drug Free School	051656-DRS1-2005	84.186	2,332		2,332	
Eisenhower Grant - Professional Development Grants	051656-MSS1-2004 051656-TRS1-2005	84.298 84.367	675 3,554		675 3,554	
			4,229		4,229	
Title V	051656-C2S1-2005	84.298	6,196		6,196	
Total Passed Through State Department of Education			812,762		812,762	
<i>Passed Through Gallia-Jackson-Vinton JVSD</i>						
Vocational Education - Basic Grants to States	N/A	84.048	56,744		56,744	
TOTAL U.S. DEPARTMENT OF EDUCATION			1,174,693		1,174,693	
U.S. DEPARTMENT OF HOMELAND SECURITY						
<i>Direct:</i>						
Public Assistance Grants	N/A	97.036	5,194		5,194	
TOTAL			\$1,255,001	\$24,169	\$1,255,001	\$24,169

See Accompanying Notes to the Federal Awards Receipts and Expenditures Schedule

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

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



Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Joint Vocational School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 14, 2006. 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

In a separate letter to the District's management dated February 14, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

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Buckeye Joint Vocational School District
Tuscarawas County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

February 14, 2006



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Buckeye Joint Vocational School District, Tuscarawas County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal programs for the year ended June 30, 2005. 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Buckeye Joint Vocational School District, Tuscarawas County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with 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 expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

However, we noted a matter involving internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated February 14, 2006.

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

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

Betty Montgomery
Auditor of State

February 14, 2006

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Even Start, CFDA #84.213 and Adult Basic Education, CFDA #84.002
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 28, 2006**