



Dave Yost • Auditor of State

**VAN BUREN LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Van Buren Local School District, Hancock County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

December 15, 2011

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

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

Highlights

Highlights for fiscal year 2011 were as follows:

Net assets increased \$1,325,677, or over 9 percent. This was the seventh year in a row that revenues have exceeded expenses. A significant portion of this increase can be attributed to additional property tax revenue resulting from a tax increment financing agreement terminating as well as from the new Home Depot warehouse located within the School District.

General revenues were \$10,912,652, or 86 percent of all governmental activities revenues and demonstrate the School District's significant dependence on property taxes and unrestricted State entitlements.

Using the Basic Financial Statements

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

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

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in a single column.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, all of the School District's activities are reflected as governmental activities. The programs and services reported here include instruction,

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues as well as unrestricted State entitlements.

Reporting the School District's Most Significant Funds

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

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

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2011 and fiscal year 2010:

Table 1 Net Assets			
	Governmental Activities		
	2011	2010	Change
<u>Assets:</u>			
Current and Other Assets	\$16,031,039	\$15,054,154	\$976,885
Capital Assets, Net	14,654,243	14,643,035	11,208
Total Assets	<u>30,685,282</u>	<u>29,697,189</u>	<u>988,093</u>
<u>Liabilities:</u>			
Current and Other Liabilities	\$7,456,520	\$7,091,184	(\$365,336)
Long-Term Liabilities	8,010,231	8,713,151	702,920
Total Liabilities	<u>15,466,751</u>	<u>15,804,335</u>	<u>337,584</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	7,419,244	6,628,035	791,209
Restricted	1,803,480	1,822,543	(19,063)
Unrestricted	5,995,807	5,442,276	553,531
Total Net Assets	<u>\$15,218,531</u>	<u>\$13,892,854</u>	<u>\$1,325,677</u>

The above table reflects several significant changes from the prior fiscal year. Note the increase in current and other assets which can generally be attributed to two factors. The first, an increase in cash and cash equivalents reflecting the excess of revenues over expenses for the fiscal year and the other an

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

increase in property taxes receivable (due to the termination of a tax increment financing agreement and the addition of a new Home Depot warehouse as mentioned previously). This increase is also reflected in the increase in unrestricted net assets. The other change of note is the decrease in long-term liabilities, due to the payment of principal on general obligation bonds, and the corresponding increase in invested in capital assets, net of related debt.

Table 2 reflects the changes in net assets for fiscal year 2011 and fiscal year 2010:

Table 2
Changes in Net Assets

	Governmental Activities		Change
	2011	2010	
<u>Revenues:</u>			
Program Revenues			
Charges for Services	\$1,259,560	\$1,091,650	\$167,910
Operating Grants, Contributions, and Interest	469,264	673,392	(204,128)
Capital Grants and Contributions	3,437	24,570	(21,133)
Total Program Revenues	<u>1,732,261</u>	<u>1,789,612</u>	<u>(57,351)</u>
General Revenues			
Property Taxes	6,726,051	5,789,543	936,508
Payment in Lieu of Taxes	169,815		169,815
Grants and Entitlements not Restricted to Specific Programs	3,861,437	3,896,051	(34,614)
Interest	43,521	51,799	(8,278)
Gifts and Donations	61,306	24,383	36,923
Miscellaneous	50,522	80,906	(30,384)
Total General Revenues	<u>10,912,652</u>	<u>9,842,682</u>	<u>1,069,970</u>
Total Revenues	<u>12,644,913</u>	<u>11,632,294</u>	<u>1,012,619</u>
<u>Expenses:</u>			
Instruction:			
Regular	\$5,166,266	\$4,830,230	(\$336,036)
Special	657,772	603,768	(54,004)
Vocational	171,208	194,740	23,532
Support Services:			
Pupils	757,412	700,823	(56,589)
Instructional Staff	351,153	358,007	6,854
Board of Education	69,757	50,514	(19,243)
Administration	821,328	803,165	(18,163)
Fiscal	415,985	386,498	(29,487)
Operation and Maintenance of Plant	1,204,962	1,189,645	(15,317)
Pupil Transportation	555,648	513,106	(42,542)
Central	32,709	31,972	(737)
Non-Instructional Services	312,555	288,227	(24,328)
Extracurricular Activities	506,498	467,204	(39,294)
Interest and Fiscal Charges	295,983	249,290	(46,693)
Total Expenses	<u>11,319,236</u>	<u>10,667,189</u>	<u>(652,047)</u>
Increase in Net Assets	1,325,677	965,105	360,572
Net Assets at Beginning of Year	13,892,854	12,927,749	965,105
Net Assets at End of Year	<u>\$15,218,531</u>	<u>\$13,892,854</u>	<u>\$1,325,677</u>

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

As reflected in the above table, there was a decrease in program revenues from the prior fiscal year and, while the overall decrease was only 3 percent, there were a couple of items of mention. An increase in student enrollment contributed to the increase in charges for services (tuition and fees). In addition, in the prior fiscal year, the School District received additional grant resources through the American Recovery and Reinvestment Act; that funding has ended. General revenues reflect an 11 percent increase, most notably the increase in property taxes. This increase represents a slight increase due to the property reappraisal which occurred as well as the effect of the termination of the tax increment financing agreement and the additional taxes due to the new Home Depot warehouse.

Expenses increased 6 percent from the prior fiscal year with increases reflected in almost all programs. These increases can generally be attributed to the increase in student enrollment. As to be expected, instruction programs are the School District's largest expense, accounting for 53 percent of all governmental activities expenses. Combined with the support services related to instruction such as pupils, instructional staff, operation and maintenance of plant, and pupil transportation, 78 percent of all of the School District's expenses are directly related to the functions of delivering education and maintaining facilities.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction:				
Regular	\$5,166,266	\$4,830,230	\$4,153,873	\$4,013,853
Special	657,772	603,768	386,409	85,618
Vocational	171,208	194,740	170,395	192,626
Support Services:				
Pupils	757,412	700,823	752,412	693,353
Instructional Staff	351,153	358,007	351,153	358,007
Board of Education	69,757	50,514	69,757	50,514
Administration	821,328	803,165	821,328	803,165
Fiscal	415,985	386,498	415,985	386,498
Operation and Maintenance of Plant	1,204,962	1,189,645	1,202,859	1,189,645
Pupil Transportation	555,648	513,106	540,465	490,747
Central	32,709	31,972	25,884	25,113
Non-Instructional Services	312,555	288,227	8,441	14,260
Extracurricular Activities	506,498	467,204	392,031	324,888
Interest and Fiscal Charges	295,983	249,290	295,983	249,290
Total Expenses	<u>\$11,319,236</u>	<u>\$10,667,189</u>	<u>\$9,586,975</u>	<u>\$8,877,577</u>

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The above table demonstrates that only several of the School District's programs benefit significantly from program revenues. The special instruction program provided for 41 percent of its costs through program revenues; generally grant resources restricted for special instruction purposes (this amount was greater in fiscal year 2010 due to additional ARRA resources). Approximately 97 percent of the non-instructional programs were covered by program revenues, which are almost entirely cafeteria operations. These revenues are made up of lunch sales and federal and state subsidies for cafeteria operations. About 23 percent of extracurricular activities costs are paid for through admission charges for athletic events as well as from music or drama productions.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. For fiscal year 2011, the General Fund reflects a 7 percent increase in fund balance. There was an 8 percent increase in revenues, largely due to the increase in property taxes (tax increment financing agreement termination and Home Depot warehouse mentioned previously) and the additional tuition and fees from increased enrollment. This increase in revenues surpassed the increase in expenditures of 6 percent, in large part due to the increase in enrollment.

General Fund Budgeting Highlights

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

During fiscal year 2011, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget and from the final budget to actual revenues were not significant; however, the largest change was the increase in tuition and fees revenue. For expenditures, changes from the original budget to the final budget were minimal. Actual expenditures were almost 7 percent less than budgeted amounts as savings were realized in all programs and primarily the result of conservative budget practices.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$14,654,243 invested in capital assets (net of accumulated depreciation). Additions consisted primarily a piece of land, a parking lot, roof replacement, and two buses. Disposals included a bus and some small equipment. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2011, the School District had outstanding general obligation bonds, in the amount of \$7,407,516. These bonds will not be fully retired until fiscal year 2021. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

Current Issues

The Van Buren Local School District is a rural school district located in northern Hancock County. The School District serves one thousand forty-two students and employs sixty-seven teachers. The School

Van Buren Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

District receives less than 5 percent of its total operating revenue from the State foundation formula for school funding. Rather, the School District receives the majority of its funding from its local tax base, which has a present assessed valuation of \$213,404,960. This valuation has increased due to the termination of a major tax increment financing (TIF) agreement and the addition of a new Home Depot warehouse within the School District. Also, additional growth may occur in the School District both in business and residential property due to the new CSX intermodal being built north of the School District in North Baltimore and our access to interstate I-75.

For the past several years, the School District's revenues have exceeded expenses. The current school year's projection shows expenses exceeding revenue. The State's financial condition and other economic factors require constant surveillance by the School District. New legislation and funding proposals out of Columbus will also have a major impact on the School District's finances and must be monitored closely. The ending of a major TIF agreement and the School District's share of tax abatement for the new Home Depot warehouse are areas of increased revenue for the School District. It is believed that through these increased revenues and good financial practices the School District will not need to seek additional revenues from the community at this time, although renewal of two levies will be important in the next couple of years. Reductions in the reimbursement from the State for a portion of the School District's lost personal property tax for the next two years are a concern. Failure of the legislature to continue some level of reimbursement in subsequent years could have a negative impact on the School District's finances.

Contract negotiations with the certified union were challenging with the Board of Education implementing its last, best, final offer which is for a two year period and includes no step increases in either year, no base increase in the first year, and a 1.12 percent base increase in the second year. Members of the bargaining unit that take single coverage medical insurance will see an increase in premium contributions to 5 percent in the first year and to 10 percent in the second year. There was no change to the family contribution of 15 percent. Negotiations with the classified union are just beginning, though similar results are expected. The outcome of the Issue 2 referendum on Senate Bill 5, along with other pending State legislation could have a significant impact on the School District's finances one way or the other.

In accordance with the School District's strategic plan, actions have been taken in the areas of facilities, technology, and curriculum. One to One computing was expanded from the Middle School to include the High School this year. Each student in grades 6 through 10 was provided with a school owned netbook computer. In the future, we will be looking at expanding this program to grades 11 and 12 students. Distance learning was utilized to expand curricular offerings to the middle school students this year. This program will also be expanded to the high school. Building usage studies on the HS/MS building are being conducted to look at the need for the new construction of and/or renovation to all or parts of the building to meet future needs. The School District has purchased one property to the north of the current campus and is looking at purchasing several additional properties in the future. The purchase of these properties is for possible expansion of facilities as the current campus may not be big enough to meet our future needs. Many of these expenses are possible because of the School District's permanent improvement levy which allows the School District to take many of these actions without requiring funds from the general operating budget.

Contacting the School District's Financial Management

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

Van Buren Local School District
Statement of Net Assets
June 30, 2011

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$8,579,325
Accounts Receivable	30,772
Accrued Interest Receivable	5,342
Intergovernmental Receivable	138,407
Prepaid Items	6,831
Inventory Held for Resale	6,346
Materials and Supplies Inventory	10,621
Property Taxes Receivable	7,022,706
Payment in Lieu of Taxes Receivable	93,448
Unamortized Issuance Cost	137,241
Nondepreciable Capital Assets	168,329
Depreciable Capital Assets, Net	14,485,914
Total Assets	30,685,282
 <u>Liabilities:</u>	
Accounts Payable	73,811
Accrued Wages and Benefits Payable	749,713
Intergovernmental Payable	257,768
Deferred Revenue	6,354,869
Accrued Interest Payable	20,359
Long-Term Liabilities:	
Due Within One Year	863,433
Due in More Than One Year	7,146,798
Total Liabilities	15,466,751
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	7,419,244
Restricted For:	
Debt Service	648,155
Capital Projects	419,544
Setasides	489,021
Other Purposes	246,760
Unrestricted	5,995,807
Total Net Assets	\$15,218,531

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$5,166,266	\$920,216	\$90,843	\$1,334
Special	657,772	28,123	243,240	
Vocational	171,208		813	
Support Services:				
Pupils	757,412		5,000	
Instructional Staff	351,153			
Board of Education	69,757			
Administration	821,328			
Fiscal	415,985			
Operation and Maintenance of Plant	1,204,962			2,103
Pupil Transportation	555,648		15,183	
Central	32,709		6,825	
Non-Instructional Services	312,555	200,517	103,597	
Extracurricular Activities	506,498	110,704	3,763	
Interest and Fiscal Charges	295,983			
Total Governmental Activities	<u>\$11,319,236</u>	<u>\$1,259,560</u>	<u>\$469,264</u>	<u>\$3,437</u>

General Revenues:

Property Taxes Levied for General Purposes
Property Taxes Levied for Debt Service
Property Taxes Levied for Permanent Improvements
Payment in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Gifts and Donations
Miscellaneous
Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year - Restated (Note 3)
Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental
Activities

(\$4,153,873)
(386,409)
(170,395)

(752,412)
(351,153)
(69,757)
(821,328)
(415,985)
(1,202,859)
(540,465)
(25,884)
(8,441)
(392,031)
(295,983)

(9,586,975)

5,664,180
794,756
267,115
169,815
3,861,437
43,521
61,306
50,522

10,912,652

1,325,677

13,892,854

\$15,218,531

Van Buren Local School District
Balance Sheet
Governmental Funds
June 30, 2011

	General	Other Governmental	Total Governmental Funds
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$6,958,120	\$1,132,184	\$8,090,304
Accounts Receivable	30,098	674	30,772
Accrued Interest Receivable	5,342		5,342
Interfund Receivable	32,768		32,768
Intergovernmental Receivable		138,407	138,407
Prepaid Items	6,831		6,831
Inventory Held for Resale		6,346	6,346
Materials and Supplies Inventory	10,233	388	10,621
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	489,021		489,021
Property Taxes Receivable	5,917,350	1,105,356	7,022,706
Payment in Lieu of Taxes Receivable	80,739	12,709	93,448
Total Assets	<u>\$13,530,502</u>	<u>\$2,396,064</u>	<u>\$15,926,566</u>
<u>Liabilities and Fund Balances:</u>			
<u>Liabilities</u>			
Accounts Payable	\$64,078	\$9,733	\$73,811
Accrued Wages and Benefits Payable	737,602	12,111	749,713
Interfund Payable		32,768	32,768
Intergovernmental Payable	249,451	8,317	257,768
Deferred Revenue	5,571,305	1,131,715	6,703,020
Total Liabilities	<u>6,622,436</u>	<u>1,194,644</u>	<u>7,817,080</u>
<u>Fund Balances:</u>			
Nonspendable	17,064	6,734	23,798
Restricted	489,021	1,194,686	1,683,707
Committed	239,615		239,615
Assigned	198,808		198,808
Unassigned	5,963,558		5,963,558
Total Fund Balances	<u>6,908,066</u>	<u>1,201,420</u>	<u>8,109,486</u>
Total Liabilities and Fund Balances	<u>\$13,530,502</u>	<u>\$2,396,064</u>	<u>\$15,926,566</u>

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 June 30, 2011

Total Governmental Fund Balances \$8,109,486

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 14,654,243

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	11,940	
Accrued Interest Receivable	5,342	
Intergovernmental Receivable	98,996	
Property Taxes Receivable	<u>231,873</u>	
		348,151

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 137,241

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

Accrued Interest Payable	(20,359)	
General Obligation Bonds Payable	(7,407,516)	
Compensated Absences Payable	<u>(602,715)</u>	
		<u>(8,030,590)</u>

Net Assets of Governmental Activities \$15,218,531

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Other Governmental	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$5,551,553	\$1,042,846	\$6,594,399
Payment in Lieu of Taxes	146,772	23,043	169,815
Intergovernmental	3,397,073	1,080,194	4,477,267
Interest	42,261	308	42,569
Tuition and Fees	949,225	0	949,225
Extracurricular Activities	6,578	104,126	110,704
Charges for Services	0	200,517	200,517
Gifts and Donations	61,306	5,097	66,403
Miscellaneous	46,339	2,483	48,822
Total Revenues	<u>10,201,107</u>	<u>2,458,614</u>	<u>12,659,721</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,937,043	144,219	5,081,262
Special	545,427	103,215	648,642
Vocational	164,888		164,888
Support Services:			
Pupils	516,638	239,386	756,024
Instructional Staff	353,576	291	353,867
Board of Education	69,757		69,757
Administration	805,336		805,336
Fiscal	385,084	23,625	408,709
Operation and Maintenance of Plant	1,116,820	11,138	1,127,958
Pupil Transportation	487,764	174,964	662,728
Central	21,382	11,327	32,709
Non-Instructional Services		284,755	284,755
Extracurricular Activities	323,603	126,688	450,291
Capital Outlay	1,738	132,130	133,868
Debt Service:			
Principal Retirement		780,000	780,000
Interest and Fiscal Charges		266,438	266,438
Total Expenditures	<u>9,729,056</u>	<u>2,298,176</u>	<u>12,027,232</u>
Excess of Revenues Over Expenditures	<u>472,051</u>	<u>160,438</u>	<u>632,489</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In		20,000	20,000
Transfers Out	(20,000)		(20,000)
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>20,000</u>	
Changes in Fund Balances	452,051	180,438	632,489
Fund Balances at Beginning of Year - Restated (Note 3)	<u>6,456,015</u>	<u>1,020,982</u>	<u>7,476,997</u>
Fund Balances at End of Year	<u>\$6,908,066</u>	<u>\$1,201,420</u>	<u>\$8,109,486</u>

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended June 30, 2011

Changes in Fund Balances - Total Governmental Funds \$632,489

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

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

Capital Outlay - Nondepreciable Capital Assets	13,550	
Capital Outlay - Depreciable Capital Assets	383,913	
Capital Contributions	2,103	
Depreciation	<u>(388,358)</u>	11,208

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

Property Taxes	131,652	
Intergovernmental	(150,637)	
Interest	1,260	
Tuition and Fees	<u>(886)</u>	(18,611)

Repayment of principal is an expenditure in governmental funds but the repayment reduces long-term liabilities on the statement of net assets. 780,000

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net assets. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities. Accounting losses are amortized over the life of the debt on the statement of activities.

Accrued Interest Payable	2,568	
Annual Accretion on Capital Appreciation Bonds	(32,114)	
Amortization of Premium	24,802	
Amortization of Accounting Loss	<u>(19,904)</u>	(24,648)

Issuance costs are reported as an expenditure when paid in the governmental funds but are amortized over the life of the debt on the statement of activities. (4,897)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: (49,864)

Change in Net Assets of Governmental Activities \$1,325,677

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Revenues:</u>				
Property Taxes	\$5,171,994	\$5,388,146	\$5,459,666	\$71,520
Payment in Lieu of Taxes	83,000	83,000	100,593	17,593
Intergovernmental	3,416,998	3,374,598	3,397,073	22,475
Interest	40,000	40,000	42,261	2,261
Tuition and Fees	620,000	662,400	948,872	286,472
Extracurricular Activities	28,500	28,500	6,578	(21,922)
Gifts and Donations	21,500	26,500	46,506	20,006
Miscellaneous	51,950	51,950	58,546	6,596
Total Revenues	<u>9,433,942</u>	<u>9,655,094</u>	<u>10,060,095</u>	<u>405,001</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	5,272,890	5,259,936	4,971,083	288,853
Special	510,807	535,212	532,505	2,707
Vocational	239,420	237,400	161,344	76,056
Support Services:				
Pupils	544,864	547,364	528,068	19,296
Instructional Staff	384,267	385,517	355,561	29,956
Board of Education	89,118	91,118	82,919	8,199
Administration	852,036	852,036	809,344	42,692
Fiscal	465,231	458,031	398,074	59,957
Operation and Maintenance of Plant	1,321,845	1,312,845	1,233,750	79,095
Pupil Transportation	577,001	577,001	522,168	54,833
Central	26,000	35,000	28,873	6,127
Extracurricular Activities	349,236	353,858	317,849	36,009
Capital Outlay	6,750	6,750	1,738	5,012
Total Expenditures	<u>10,639,465</u>	<u>10,652,068</u>	<u>9,943,276</u>	<u>708,792</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,205,523)</u>	<u>(996,974)</u>	<u>116,819</u>	<u>1,113,793</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures			90	90
Refund of Prior Year Receipts		(20)	(20)	
Transfers Out	(20,000)	(20,000)	(20,000)	
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,020)</u>	<u>(19,930)</u>	<u>90</u>
Changes in Fund Balance	(1,225,523)	(1,016,994)	96,889	1,113,883
Fund Balance at Beginning of Year	7,011,011	7,011,011	7,011,011	
Prior Year Encumbrances Appropriated	157,710	157,710	157,710	
Fund Balance at End of Year	<u>\$5,943,198</u>	<u>\$6,151,727</u>	<u>\$7,265,610</u>	<u>\$1,113,883</u>

See Accompanying Notes to the Basic Financial Statements

Van Buren Local School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2011

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$19,109</u></u>
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Liabilities:

Due to Students	<u><u>\$19,109</u></u>
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See Accompanying Notes to the Basic Financial Statements

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**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011**

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1936. The School District serves an area of approximately forty-eight square miles. It is located in Hancock County and includes all of the Village of Van Buren and Allen Township and portions of Cass, Marion, and Portage Townships. The School District is the 471st largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by fifty-four classified employees, sixty-seven certified teaching personnel, and five administrative employees who provide services to one thousand forty-two students and other community members. The School District currently operates an elementary school and a middle/high school.

Reporting Entity

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

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

The School District is associated with three jointly governed organizations and two insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Millstream Career and Technology Center, Northwestern Ohio Educational Research Council, Inc., Hancock County Schools Health Benefit Fund, and Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School District's only major governmental fund is the General Fund.

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District did not have any trust funds in fiscal year 2011. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting and the agency fund uses the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

F. Cash and Investments

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

During fiscal year 2011, investments consisted of repurchase agreements. Repurchase agreements are reported at cost.

The School District allocates interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2011 was \$42,261, which includes \$9,679 assigned from other School District funds.

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

G. Prepaid Items

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

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Inventory

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

I. Restricted Assets

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

J. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of two thousand dollars. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All 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:

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

K. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net assets.

L. Compensated Absences

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

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Unamortized Issuance Costs and Premiums

On government-wide financial statements, issuance costs and premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from debt proceeds. Bond premiums are presented as an addition to the face amount of bonds payable.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the period in which the debt is issued.

O. Unamortized Loss on Advance Refunding

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

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants.

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

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Q. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

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

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

R. Capital Contributions

Capital contributions arise from outside contributions of capital assets.

S. Interfund Transactions

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

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

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

T. Estimates

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

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

A. Change in Accounting Principles

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

B. Restatement of Fund Balance/Net Assets

The restatement due to the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	General	Other Governmental	Total Governmental Funds
Fund Balance at June 30, 2010	\$6,188,545	\$1,288,452	\$7,476,997
Change in Fund Structure	267,470	(267,470)	
Adjusted Fund Balance at June 30, 2010	\$6,456,015	\$1,020,982	\$7,476,997

In the prior fiscal year, the School District did not report payment in lieu of taxes correctly. The restatement had the following effect on net assets.

Net Assets at June 30, 2010	Governmental Activities \$13,986,302
Payment in Lieu of Taxes	(93,448)
Restated Net Assets at June 30, 2010	\$13,892,854

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

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

Changes in Fund Balance	
GAAP Basis	\$452,051
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2010, Received in Cash FY 2011	321,302
Accrued FY 2011, Not Yet Received in Cash	(462,224)
Expenditure Accruals:	
Accrued FY 2010, Paid in Cash FY 2011	(1,054,314)
Accrued FY 2011, Not Yet Paid in Cash	1,051,131
Prepaid Items	(2,994)
Materials and Supplies Inventory	6,236
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(214,299)
Budget Basis	\$96,889

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 5 - Deposits and Investments (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$5,564,950 of the School District's bank balance of \$7,572,018 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

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

	Fair Value	Maturity
Repurchase Agreement	\$1,056,267	July 1, 2011

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

The securities underlying the repurchase agreement (Federal National Mortgage Association Notes) carry a rating of AAA by Moodys. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that repurchase agreements be limited to investments in United States treasury securities and federal governmental agency securities.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent. The School District has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

The School District places no limit on the amount of its interim monies it may invest in a particular security. As of June 30, 2011, the School District had 100 percent of its investments in repurchase agreements.

Note 6 - Receivables

Receivables at June 30, 2011, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, property taxes, and payment in lieu of taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 6 – Receivables (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Other Governmental Funds	
Education Jobs	\$61,241
Title VI-B	34,263
Title I	42,903
Total Intergovernmental Receivables	\$138,407

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Hancock County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 7 - Property Taxes (Continued)

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

The amount available as an advance at June 30, 2011, was \$397,887 in the General Fund, \$58,011 in the Bond Retirement debt service fund, and \$19,385 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2010, was \$306,000 in the General Fund, \$44,000 in the Bond Retirement debt service fund, and \$14,000 in the Permanent Improvement capital projects fund.

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

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

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$128,377,480	61.90%	\$128,132,890	60.04%
Industrial/Commercial	71,758,460	34.60	85,109,130	39.88
Public Utility	7,256,000	3.50	162,940	0.08
Total Assessed Value	<u>\$207,391,940</u>	<u>100.00%</u>	<u>\$213,404,960</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$41.33		\$41.10	

Note 8 - Payment in Lieu of Taxes

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

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 9 - Capital Assets

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

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$154,779	\$13,550		\$168,329
Depreciable Capital Assets				
Land Improvements	1,022,499	14,476		1,036,975
Buildings and Building Improvements	15,065,959	74,511		15,140,470
Furniture, Fixtures, and Equipment	1,329,722	113,891	(\$13,474)	1,430,139
Vehicles	1,046,086	183,138	(52,789)	1,176,435
Total Depreciable Capital Assets	18,464,266	386,016	(66,263)	18,784,019
Less Accumulated Depreciation				
Land Improvements	(210,566)	(48,494)		(259,060)
Buildings and Building Improvements	(2,334,512)	(185,607)		(2,520,119)
Furniture, Fixtures, and Equipment	(687,542)	(91,488)	13,474	(765,556)
Vehicles	(743,390)	(62,769)	52,789	(753,370)
Total Accumulated Depreciation	(3,976,010)	(388,358)	66,263	(4,298,105)
Depreciable Capital Assets, Net	14,488,256	(2,342)		14,485,914
Governmental Activities Capital Assets, Net	\$14,643,035	\$11,208		\$14,654,243

During fiscal year 2011, the School District accepted contributions of depreciable capital assets with a fair value of \$2,103.

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 9 - Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$152,138
Special	12,754
Vocational	6,320
Support Services:	
Pupils	1,388
Instructional Staff	4,699
Administration	14,423
Fiscal	3,383
Operation and Maintenance of Plant	42,025
Pupil Transportation	68,235
Non-Instructional Services	26,786
Extracurricular Activities	56,207
Total Depreciation Expense	\$388,358

Note 10 - Interfund Assets/Liabilities

At June 30, 2011, the General Fund had an interfund receivable from other governmental funds, in the amount of \$32,768, for short-term loans made to those funds.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted for the following insurance coverage:

Coverage provided by the Netherlands Insurance Company is as follows:

General School District Liability	
Per Occurrence	\$1,000,000
Aggregate	2,000,000
Umbrella Liability	4,000,000
Building and Contents	44,460,616
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000

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

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 11 - Risk Management (Continued)

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

For fiscal year 2011, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Note 12 - Defined Benefit Pension Plans

A. State Teachers Retirement System

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

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

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

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 12 - Defined Benefit Pension Plans (Continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contribution to STRS Ohio for the DBP and for the defined benefit portion of the CP were \$511,966 and \$6,926 for the fiscal year ended June 30, 2011, \$493,005 and \$6,501 for the fiscal year ended June 30, 2010, and \$477,090 and \$4,080 for the fiscal year ended June 30, 2009. For fiscal year 2011, 82 percent has been contributed for the DBP and the CP, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The contribution to STRS Ohio for the DCP for fiscal year 2011 was \$10,876 made by the School District and \$15,228 made by the plan members. In addition, member contributions of \$4,947 were made for fiscal year 2011 for the defined contribution portion of the CP.

B. School Employees Retirement System

Plan Description - The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$142,476, \$145,763, and \$95,442, respectively. For fiscal year 2011, 43 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2011, three of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages.

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 13 - Postemployment Benefits

A. State Teachers Retirement System

Plan Description - The School District participates in a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined pension plans offered by STRS Ohio. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Chapter 3307 of the Ohio Revised Code authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$41,086, \$39,478, and \$37,427, respectively. For fiscal year 2011, 82 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011, this amount was \$35,800. For fiscal year 2011, the School District paid \$23,798 in surcharge.

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

The School District's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$17,252, \$5,247, and \$43,679, respectively. For fiscal year 2011, 43 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 13 - Postemployment Benefits (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2011, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 was \$9,169, \$8,668, and \$7,875, respectively. For fiscal year 2011, 43 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Note 14 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. The following table identifies the maximum amount of sick leave days that may be accumulated and the maximum days paid upon retirement.

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

B. Health Care Benefits

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

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 15 - Long-Term Obligations

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

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11	Amounts Due Within One Year
General Obligation Bonds					
2010 School Facilities Construction and Improvement Refunding					
Serial Bonds 2.0 - 5.0%	\$6,165,000		\$215,000	\$5,950,000	\$235,000
Capital Appreciation Bonds	75,000			75,000	
Accretion on Capital Appreciation Bonds	3,162	\$32,114		35,276	
Premium	719,831		24,802	695,029	
Accounting Loss	(577,693)		(19,904)	(557,789)	
2001 School Facilities Construction and Improvement					
Serial Bonds 3.3 - 4.45%	1,775,000		565,000	1,210,000	590,000
Total General Obligation Bonds	8,160,300	32,114	784,898	7,407,516	825,000
Compensated Absences Payable	552,851	75,389	25,525	602,715	38,433
Total Governmental Activities Long-Term Liabilities	\$8,713,151	\$107,503	\$810,423	\$8,010,231	\$863,433

School Facilities Construction and Improvement Refunding Bonds FY 2010 - On May 5, 2010, the School District issued \$6,240,000 in general obligation bonds to refund bonds previously issued for constructing a building addition. The bond issue includes serial and capital appreciation bonds, in the amount of \$6,165,000 and \$75,000, respectively. The bonds were issued for an eleven year period, with final maturity in fiscal year 2021. The bonds are being retired through the Bond Retirement debt service fund.

None of the refunding bonds, including the capital appreciation bonds, are subject to redemption prior to maturity. The capital appreciation bonds will mature on December 1, 2016, in the amount of \$710,000. For fiscal year 2011, \$32,114 was accreted on the capital appreciation bonds for a total outstanding bond value of the capital appreciation bonds of \$110,276 at fiscal year end.

At June 30, 2011, \$6,240,000 of the refunded bonds was still outstanding.

School Facilities Construction and Improvement Bonds FY 2001 - On March 29, 2001, the School District issued \$11,500,000 in voted general obligation bonds for constructing a building addition. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$4,920,000, \$6,240,000, and \$340,000, respectively. The bonds were issued for a twenty year period, with final maturity in fiscal year 2021. During fiscal year 2010, the term bonds were refunded. The capital appreciation bonds were fully retired in fiscal year 2010. The remaining bonds are being retired through the Bond Retirement debt service fund.

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

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 15 - Long-Term Obligations (Continued)

Compensated absences will be paid from the General Fund.

The School District's overall debt margin was \$12,614,414 with an unvoted debt margin of \$213,405 at June 30, 2011.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2011, were as follows:

	General Obligation Bonds			
	Serial	Capital Appreciation	Interest	Total
2012	\$825,000		\$227,211	\$1,052,211
2013	875,000		193,766	1,068,766
2014	925,000		167,247	1,092,247
2015	650,000			799,272
2016	685,000		132,224	817,224
2017-2021	3,200,000	\$75,000	1,034,410	4,309,410
	\$7,160,000	\$75,000	\$1,904,130	\$9,139,130

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 16 - Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Other Governmental	Total Governmental Funds
Nonspendable for:			
Materials and Supplies Inventory	\$10,233	\$6,734	\$16,967
Prepaid Items	6,831		6,831
Total Nonspendable	17,064	6,734	23,798
Restricted for:			
Athletics and Music		21,411	21,411
Debt Retirement		642,968	642,968
Education Management Information Systems		984	984
Food Service Operations		106,353	106,353
Permanent Improvements		410,688	410,688
Special Instruction		12,282	12,282
Textbooks and Instructional Materials	489,021		489,021
Total Restricted	489,021	1,194,686	1,683,707
Committed for:			
Future Severance Payments	239,615		239,615
Assigned for:			
Educational Activities	38,249		38,249
Regular Instruction	416		416
Unpaid Obligations	160,143		160,143
Total Assigned	198,808		198,808
Unassigned:	5,963,558		5,963,558
Total Fund Balance	\$6,908,066	\$1,201,420	\$8,109,486

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 17 - Set Asides

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2011.

	Textbooks	Capital Improvements
Balance June 30, 2010	\$520,313	
Current Year Set Aside Requirement	160,630	\$160,630
Current Year Offsets		(160,630)
Qualifying Expenditures	(191,922)	
Reserve Balance June 30, 2011	\$489,021	

Note 18 - Interfund Transfers

During fiscal year 2011, the General Fund made transfers to other governmental funds, in the amount of \$20,000, to subsidize operations in other funds.

Note 19 - Jointly Governed Organizations

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from each county. During fiscal year 2011, the School District paid \$27,151 to NOACSC for various services. Financial information can be obtained from NOACSC, 645 South Main Street, Lima, Ohio 45804.

B. Millstream Career and Technology Center

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

**Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)**

Note 19 - Jointly Governed Organizations (Continued)

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools, and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

Note 20 - Insurance Pools

A. Hancock County Schools Health Benefit Fund

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

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

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

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

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Van Buren Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011
(Continued)

Note 21 - Contingencies

A. Grants

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

B. Litigation

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

**VAN BUREN LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Federal Receipts	Federal Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
National School Lunch Program:			
Cash Assistance	10.555	67,194	67,194
Non-cash Assistance (Commodities)	10.555	<u>18,287</u>	<u>15,877</u>
Total U.S. Department of Agriculture		<u>85,481</u>	<u>83,071</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
<u>Title I Cluster</u>			
Title I Grants to Local Educational Agencies	84.010	82,291	76,652
ARRA Title I School Improvement Stimulus	84.389	<u>14,911</u>	<u>14,911</u>
Total Title I Cluster		97,202	91,563
ARRA - State Fiscal Stabilization Fund	84.394	43,727	43,727
Education Technology State Grants	84.318	291	291
Improving Teacher Quality State Grants	84.367	29,311	29,311
<u>Special Education Cluster</u>			
Special Education Grants to States	84.027	165,423	165,423
ARRA - Special Education Grants to States	84.391	145,975	178,744
Special Education Preschool Grants	84.173	2,445	2,445
ARRA - Special Education Preschool Grants	84.392	<u>6,136</u>	<u>6,136</u>
Total Special Education Cluster		319,979	352,748
Javits Gifted Grant	84.206		500
Total U.S. Department of Education		<u>490,510</u>	<u>518,140</u>
Total Federal Awards Receipts and Expenditures		<u>\$575,991</u>	<u>\$601,211</u>

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

**VAN BUREN LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

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

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

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Van Buren Local School District, Hancock County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2011, in which we noted the District implemented Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 15, 2011.

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

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

Dave Yost
Auditor of State

December 15, 2011



Dave Yost • Auditor of State

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

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 15, 2011.

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



Dave Yost
Auditor of State

December 15, 2011

**VAN BUREN LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 84.027, 84.391, 84.392 and 84.173 Special Education Grant Cluster
<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?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

We noted the Board amended its anti-harassment policy at its meeting on January 13, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 15, 2011

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Dave Yost • Auditor of State

VAN BUREN LOCAL SCHOOL DISTRICT

HANCOCK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 29, 2011**