



Dave Yost • Auditor of State

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets – Cash Basis – June 30, 2011	9
Statement of Activities – Cash Basis – For the Fiscal Year Ended June 30, 2011.....	10
Fund Financial Statements	
Statement of Assets and Fund Balances - Cash Basis	
Governmental Funds – June 30, 2011	11
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances –	
Cash Basis - Governmental Funds – For the Fiscal Year Ended June 30, 2011	12
Statement of Receipts, Disbursements and Change in Fund Balance	
Budget and Actual – (Budget Basis) - General Fund	
For the Fiscal Year Ended June 30, 2011	13
Statement of Fiduciary Net Assets – Cash Basis - Fiduciary Funds – June 30, 2011.....	14
Statement of Changes in Fiduciary Net Assets – Cash Basis	
Fiduciary Funds – For the Fiscal Year Ended June 30, 2011	15
Notes to the Basic Financial Statements	17
Schedule of Federal Awards Receipts and Expenditures	37
Notes to the Schedule of Federal Awards Receipts and Expenditures.....	38
Independent Accountants' Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Governmental Auditing Standards</i>	39
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	41
Schedule of Findings.....	43
Schedule of Prior Audit Findings.....	45
Independent Accountants' Report on Applying Agreed-Upon Procedure	47

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bluffton Exempted Village School District
Allen County
102 South Jackson Street
Bluffton, Ohio 45817

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bluffton Exempted Village School District, Allen County, Ohio (the School District), as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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.

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bluffton Exempted Village School District, Allen County, Ohio, as of June 30, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 4, during the year ended June 30, 2011, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011, on our consideration of the School 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 School District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Receipts and Expenditures 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 14, 2011

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

This discussion and analysis of Bluffton Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

HIGHLIGHTS

Key highlights for 2011 are as follows:

- In total, net assets decreased \$21,359, or less than a 1 percent change from the prior fiscal year. The School District's general receipts are primarily property taxes and unrestricted state entitlements, which make up 71 percent of the total cash received. Dependence on these two revenue sources is significant.

USING THE BASIC FINANCIAL STATEMENTS

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

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 2011, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors such as the School District's property tax base, the condition of the School District's capital assets and infrastructure, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, all of the School District activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, food services, extracurricular activities, and capital outlay disbursements.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. The School District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the School District are split into two categories: governmental and fiduciary.

Governmental Funds – All of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's programs.

The School District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the General Fund and the Debt Service Fund.

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 of these funds are not available to support the School District's programs.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

THE SCHOOL DISTRICT AS A WHOLE

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

(Table 1)
Net Assets

	Governmental Activities 2011	Governmental Activities 2010
Assets:		
Cash and Cash Equivalents	\$3,381,538	\$3,402,897
Net Assets		
Restricted for:		
Debt Service	709,327	867,559
Capital Projects	202,345	179,793
Other Purposes	30,496	69,205
Scholarships:		
Expendable	64,825	65,916
Unrestricted	2,374,545	2,220,424
Total Net Assets	\$3,381,538	\$3,402,897

As mentioned previously, net assets of governmental activities decreased \$21,359, or less than 1 percent during fiscal year 2011, due in part, to a decrease in unrestricted state entitlements.

Table 2 reflects the changes in net assets for fiscal year 2011 compared with fiscal year 2010.

(Table 2)
Changes in Net Assets

	Governmental Activities 2011	Governmental Activities 2010
Cash Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,200,992	\$1,106,649
Operating Grants and Contributions	1,160,761	990,672
Total Program Receipts	2,361,753	2,097,321
General Receipts:		
Property Taxes and Payment in Lieu of Taxes	3,114,507	3,126,059
Grants and Entitlements Not Restricted to Specific Programs	4,477,760	4,544,701
Income Taxes	638,776	616,113
Interest	38,640	40,938
Gifts & Donations		
Miscellaneous		
Total General Receipts	8,138,817	8,437,185
Total Receipts	10,680,570	10,534,506

(Continued)

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

**(Table 2)
Changes in Net Assets
(Continued)**

	Governmental Activities 2011	Governmental Activities 2010
Cash Disbursements:		
Instruction:		
Regular	4,353,176	4,322,209
Special	673,819	660,978
Vocational	32,600	22,295
Other	407,413	272,749
Support Services:		
Pupil	290,415	297,306
Instructional Staff	451,644	430,130
Board of Education	60,763	56,279
Administration	764,314	759,560
Fiscal	261,449	257,931
Operation and Maintenance of Plant	1,567,831	1,409,239
Pupil Transportation	373,877	422,646
Central	16,205	14,317
Operation of Non-Instructional Services	2,716	2,715
Extracurricular Activities	343,332	334,722
Capital Outlay	4,500	13,834
Food Services	437,731	420,953
Debt Services:		
Principal Retirement	439,016	422,587
Interest and Fiscal Charges	221,128	235,834
Total Disbursements	<u>10,701,929</u>	<u>10,356,284</u>
(Decrease)/Increase in Net Assets	(21,359)	178,222
Net Assets, July 1, 2010	<u>3,402,897</u>	<u>3,224,675</u>
Net Assets, June 30, 2011	<u>\$3,381,538</u>	<u>\$3,402,897</u>

Program receipts represent only 22 percent in fiscal year 2011 and 20 percent in fiscal year 2010 of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities, and food service sales. General receipts represent 78 percent in fiscal year 2011 and 80 percent in fiscal year 2010, and of this amount, over 53 percent for both fiscal year 2011 and fiscal year 2010 is the result of unrestricted grants and entitlements, which primarily represents State foundation resources. Property taxes and payments in lieu of taxes make up 37 percent in both fiscal year 2011 and fiscal year 2010 of the School District's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

The major program disbursements for governmental activities are for instruction, which accounts for 51 percent of all governmental disbursements in fiscal year 2011 and fiscal year 2010. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for approximately 10 percent of governmental disbursements in fiscal year 2011 and 11 percent in fiscal year 2010.

Maintenance of the School District's facilities also represents a significant expense, 15 percent in fiscal year 2011 and 14 percent in fiscal year 2010. Therefore, 76 percent in fiscal year 2011 and fiscal year 2010 of the School District's governmental disbursements are related to the primary functions of providing facilities and delivering education.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

Governmental Activities - If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for instruction and support services, which account for 51 and 35 percent in both fiscal year 2011 and fiscal year 2010, respectively. Debt services also represent a significant cost, approximately 6 percent in fiscal year 2011 and fiscal year 2010.

The next two columns of the Statement of Activities entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "Net Cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost of Services 2011	Net Cost of Services	Total Cost of Services 2010	Net Cost of Services
Instruction:				
Regular	\$ 4,353,176	\$3,099,686	\$ 4,322,209	\$3,339,480
Special	673,819	213,295	660,978	157,995
Vocational	32,600	30,444	22,295	20,155
Other	407,413	407,413	272,749	272,749
Support Services:				
Pupil	290,415	290,415	297,306	296,578
Instructional Staff	451,644	325,931	430,130	306,396
Board of Education	60,763	60,763	56,279	56,279
Administration	764,314	759,314	759,560	754,560
Fiscal	261,449	261,449	257,931	257,931
Operation and Maintenance of Plant	1,567,831	1,567,831	1,409,239	1,409,239
Pupil Transportation	373,877	373,877	422,646	422,646
Central	16,205	16,205	14,317	14,317
Non-instructional Services	2,716	2,716	2,715	2,715
Extracurricular Activities	343,332	253,425	334,722	256,993
Capital Outlay	4,500	4,500	13,834	13,834
Food Services	437,731	12,768	420,953	18,675
Debt Service:				
Principal Retirement	439,016	439,016	422,587	422,587
Interest and Fiscal Charges	221,128	221,128	235,834	235,834
Total Expenses	\$10,701,929	\$8,340,176	\$10,356,284	\$8,258,963

The dependence upon property taxes and other general receipts is apparent as 78 percent in fiscal year 2011 and 80 percent in fiscal year 2010 of governmental activities are supported through these general receipts. In fiscal year 2011, 69 percent and in fiscal year 2010, 72 percent of instruction activities are supported through taxes and other general revenues. Operation of food services was funded by program revenues and the fund beginning balance for the current fiscal year. In fiscal year 2011, 26 percent and in fiscal year 2010, 23 percent of extracurricular activities expenses are covered by program revenues. This is primarily due to music and athletic fees, ticket sales and gate receipts. It is apparent that the community, as a whole, is the primary support for the School District.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts of \$10,680,570 and disbursements of \$10,701,929. The negative change of \$21,359 in fund balance for the fiscal year indicates that the School District still needs to continue to look for ways to reduce expenses.

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 the course of fiscal year 2011, the School District amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts including other financing sources were budgeted at \$8,086,200 while actual receipts were \$8,139,096. The difference between final budgeted receipts and actual receipts was primarily due to higher property taxes and open enrollment amounts being collected.

Final disbursements including other financing uses were budgeted at \$10,344,686 while actual disbursements were \$8,062,852. The School District was able to restrict spending below what was anticipated. The School District experienced lower instruction and support services expenditures than expected and also had only \$4,500 in capital outlay expenditures that was \$1,202,277 lower than expected. The School District appropriates conservatively in order to cover expenditures.

DEBT ADMINISTRATION

At June 30, 2011, the School District's outstanding debt included \$4,879,445 in general obligation bonds issued for improvements to buildings and structures, \$388,593 in a energy conservation loan and \$31,500 in an operating lease for two parcels of land. For further information regarding the School District's debt, refer to Notes 14 and 15 to the basic financial statements.

CURRENT ISSUES

The challenge for all School Districts is to provide quality education to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for fiscal year 2015; therefore, the administration is looking for ways to delay the deficit by reducing expenditures through attrition and wise spending.

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 Paula M. Parish, Treasurer, Bluffton Exempted Village School District, 102 South Jackson St., Bluffton, Ohio 45817.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2011**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,381,538</u>
Net Assets:	
Restricted for:	
Debt Service	709,327
Capital Projects	202,345
Other Purposes	30,496
Scholarships:	
Expendable	64,825
Unrestricted	<u>2,374,545</u>
Total Net Assets	<u>\$3,381,538</u>

See accompanying notes to the basic financial statements.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

		Program Cash Receipts		Net (Disbursements)
	Cash	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:	Disbursements			
Current:				
Instruction:				
Regular	\$4,353,176	\$793,982	\$459,508	(\$3,099,686)
Special	673,819		460,524	(213,295)
Vocational	32,600		2,156	(30,444)
Other	407,413			(407,413)
Support Services:				
Pupil	290,415			(290,415)
Instructional Staff	451,644		125,713	(325,931)
Board of Education	60,763			(60,763)
Administration	764,314		5,000	(759,314)
Fiscal	261,449			(261,449)
Operation and Maintenance of Plant	1,567,831			(1,567,831)
Pupil Transportation	373,877			(373,877)
Central	16,205			(16,205)
Operation of Non-Instructional Services	2,716			(2,716)
Extracurricular Activities	343,332	89,907		(253,425)
Capital Outlay	4,500			(4,500)
Food Services	437,731	317,103	107,860	(12,768)
Debt Services:				
Principal Retirement	439,016			(439,016)
Interest and Fiscal Charges	221,128			(221,128)
Total Governmental Activities	\$10,701,929	\$1,200,992	\$1,160,761	(8,340,176)
General Receipts:				
Property Taxes Levied for:				
				2,744,272
				369,908
				638,776
				327
				4,477,760
				38,640
				49,134
				8,318,817
				(21,359)
				3,402,897
				\$3,381,538

See accompanying notes to the basic financial statements.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$2,374,545			\$2,374,545
Restricted Assets:				
Cash and Cash Equivalents		\$709,327	\$297,666	1,006,993
Total Assets	<u>2,374,545</u>	<u>709,327</u>	<u>297,666</u>	<u>3,381,538</u>
Fund Balances				
Restricted		709,327	297,666	1,006,993
Assigned	79,988			79,988
Unassigned	2,294,557			2,294,557
Total Fund Balances	<u>\$2,374,545</u>	<u>\$709,327</u>	<u>\$297,666</u>	<u>\$3,381,538</u>

See accompanying notes to the basic financial statements

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND BALANCES
CASH BASIS - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash Receipts:				
Property Taxes	\$2,744,272	\$369,908		\$3,114,180
Income Taxes			\$638,776	638,776
Intergovernmental	4,542,386	127,998	968,137	5,638,521
Interest	15,232	21,410	1,998	38,640
Tuition	740,327			740,327
Classroom Materials and Fees	53,655			53,655
Extracurricular Activities			89,907	89,907
Charges for Services			317,103	317,103
Revenue in Lieu of Taxes	327			327
Miscellaneous	42,897		6,237	49,134
Total Cash Receipts	<u>8,139,096</u>	<u>519,316</u>	<u>2,022,158</u>	<u>10,680,570</u>
Cash Disbursements:				
Current:				
Instruction:				
Regular	3,860,037		493,139	4,353,176
Special	397,175		276,644	673,819
Vocational	32,600			32,600
Other	407,413			407,413
Support Services:				
Pupil	290,317		98	290,415
Instructional Staff	324,989		126,655	451,644
Board of Education	60,763			60,763
Administration	759,314		5,000	764,314
Fiscal	243,046	8,022	10,381	261,449
Operation and Maintenance of Plant	951,640		616,190	1,567,830
Pupil Transportation	373,877			373,877
Central	16,205			16,205
Operation of Non-Instructional Services	716		2,000	2,716
Operation of Food Services			437,731	437,731
Extracurricular Activities	244,720		98,613	343,333
Capital Outlay	4,500			4,500
Debt Service:				
Principal Retirement		439,016		439,016
Interest and Fiscal Charges		221,128		221,128
Total Cash Disbursements	<u>7,967,312</u>	<u>668,166</u>	<u>2,066,451</u>	<u>10,701,929</u>
Excess of Receipts Over (Under) Disbursements	171,784	(148,850)	(44,293)	(21,359)
Other Financing Sources (Uses):				
Transfers In		33,726	65,108	98,834
Transfers Out	(55,726)	(43,108)		(98,834)
Total Other Financing Sources (Uses)	<u>(55,726)</u>	<u>(9,382)</u>	<u>65,108</u>	
Net Change in Fund Balances	116,058	(158,232)	20,815	(21,359)
Fund Balances Beginning of Year Restated (Note 4)	<u>2,258,487</u>	<u>867,559</u>	<u>276,851</u>	<u>3,402,897</u>
Fund Balances End of Year	<u>\$2,374,545</u>	<u>\$709,327</u>	<u>\$297,666</u>	<u>\$3,381,538</u>

See accompanying notes to the basic financial statements.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - (BUDGET BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Property Taxes	\$2,717,400	\$2,717,400	\$2,744,272	\$26,872
Intergovernmental	4,553,100	4,553,100	4,542,386	(10,714)
Interest	19,750	19,750	15,232	(4,518)
Tuition	658,000	658,000	740,327	82,327
Classroom Material and Fees	53,000	50,500	53,655	3,155
Revenue in Lieu of Taxes	1,000	1,000	327	(673)
Miscellaneous	42,800	39,800	41,304	1,504
Total Cash Receipts	<u>8,045,050</u>	<u>8,039,550</u>	<u>8,137,503</u>	<u>97,953</u>
Disbursements				
Current:				
Instruction:				
Regular	4,495,754	4,500,254	3,879,175	621,079
Special	452,734	450,734	398,175	52,559
Vocational	25,000	42,600	42,600	
Adult/Continuing	1,000	1,000		1,000
Other	290,000	415,000	407,413	7,587
Support Services:				
Pupil	333,664	333,664	290,852	42,812
Instructional Staff	336,206	339,706	325,014	14,692
Board of Education	59,255	71,255	60,763	10,492
Administration	820,703	820,703	761,897	58,806
Fiscal	264,650	264,650	243,475	21,175
Operation and Maintenance of Plant	1,161,385	1,161,385	953,362	208,023
Pupil Transportation	392,328	397,328	378,977	18,351
Central	15,350	17,350	16,205	1,145
Extracurricular Activities	248,780	248,780	244,719	4,061
Capital Outlay	1,382,377	1,206,777	4,500	1,202,277
Total Disbursements	<u>10,279,186</u>	<u>10,271,186</u>	<u>8,007,127</u>	<u>2,264,059</u>
Excess of Receipts Over (Under) Disbursements	(2,234,136)	(2,231,636)	130,376	2,362,012
Other Financing Sources (Uses):				
Advances In	43,150	36,650		(36,650)
Advances Out	(18,000)	(12,000)		12,000
Transfers Out	(59,500)	(61,500)	(55,726)	5,774
Refund of Prior Year Expenditures	10,000	10,000	1,593	(8,407)
Total Other Financing Sources (Uses)	<u>(24,350)</u>	<u>(26,850)</u>	<u>(54,133)</u>	<u>(27,283)</u>
Net Change in Fund Balance	(2,258,486)	(2,258,486)	76,243	2,334,729
Fund Balance Beginning of Year (Restated)	2,208,518	2,208,518	2,208,519	(1)
Prior Year Encumbrances Appropriated	49,968	49,968	49,968	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$2,334,730</u>	<u>\$2,334,730</u>

See accompanying notes to the basic financial statements

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$10,196	\$42,161
Net Assets:		
Held for Students		42,161
Held in Trust for Scholarships:		
Expendable	196	
Non expendable	10,000	
	\$10,196	\$42,161

See accompanying notes to the basic financial statements.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Private Purpose Trust</u>
Additions:	
Investment Income	\$70
Total Additions	<u>70</u>
Operating Disbursements:	
Scholarship	
Total Operating Disbursements	<u> </u>
Change in Net Assets	70
Net Assets - Beginning of Year	<u>10,126</u>
Net Assets - End of Year	<u><u>\$10,196</u></u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Bluffton Exempted Village 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 statute and federal guidelines.

The School District was established in 1861 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 57.5 square miles. It is located in Allen and Hancock counties and includes the entire Village of Bluffton, all of Richland Township, and portions of Monroe and Orange Townships. The School District is the 447 largest in the State of Ohio (among 610 school districts) in terms of enrollment. It is staffed by 39 classified employees, 67 certified teaching personnel, and 6 administrative employees who provide services to 1158 students and other community members. The School District currently operates 3 buildings.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading.

A. Primary Government

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 the School District, this includes general operations, food service, and student related activities.

B. Component Units

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. The School District is also financially accountable for any 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District. The School District does not have any component units.

C. Jointly Governed Organizations

The School District participates in three jointly governed organizations and two public entity risk pools, and is associated with a related organization. These organizations are the Northwest Ohio Area Computer Services Cooperative (NOACSC), Apollo Joint Vocational School, Northwestern Ohio Educational Research Council, Inc., Allen County Schools Health Benefit Plan, Ohio School Boards Association Workers' Compensation Group Rating Plan, and Bluffton-Richland Public Library. These organizations are presented in Notes 19, 20 and 21 to the basic financial statements.

The School Districts management believes these financial statements present all activities for which the School District is financially accountable.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The School District does not apply FASB statements issued after November 30, 1989. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

1. 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. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District reports no business type activities.

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

2. 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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 divided into two categories, governmental and fiduciary.

1. Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major funds are the General Fund and Debt Service Fund.

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest and related costs.

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

2. Fiduciary 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's Private Purpose Trust Fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature. The School District's Agency Fund accounts for various student-managed activities.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the five year forecast, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The five year forecast demonstrates a need for existing or increased tax rates.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund, function, object, level for all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts 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 appropriation 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 appropriation 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.

E. Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. 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".

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.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2011, investments were limited to STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2011 was \$15,232, which includes \$715 assigned from other funds. Other School District funds had interest receipts of \$23,408.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets/Net Assets

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 were restricted for debt service, capital projects and scholarships. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to disbursement for specified purposes.

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

G. Inventory And Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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:

Non-spendable - The non-spendable 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 is 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.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

4. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

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

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	Debt Service	Other Governmental	Total Governmental Funds
Fund Balance at June 30, 2010	\$2,220,424	\$867,559	\$314,914	\$3,402,897
Change in Fund Structure	38,063		(38,063)	
Adjusted Fund Balance at June 30, 2010	\$2,258,487	\$867,559	\$276,851	\$3,402,897

The restatement did not have an effect on net assets.

5. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Change in Fund Balance – Budget and Actual – (Budget Basis) presented for the General Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as part of the assigned fund balance (cash basis). The adjustments necessary to reconcile the cash and budget basis statements for the General Fund are as follows:

Difference in Fund Balance	
Cash Basis	\$2,374,545
Increase (Decrease) Due To:	
Encumbrances Outstanding at Fiscal Year End	(39,815)
Budget Basis	\$2,334,730

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

6. 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 that the Board 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 can 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 provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

6. DEPOSITS AND INVESTMENTS (Continued)

At fiscal year end, the School District had \$600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

A. Deposits

At fiscal year end, the carrying amount of the School District's deposits was \$2,745,688. 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, the School District's bank balance of \$3,046,547 was not exposed to custodial credit risk because it was insured through the Federal Deposit Insurance Corporation (FDIC) and a \$3,650,000 Letter of Credit, with the School District listed as beneficiary, through the Federal Home Loan Bank of Cincinnati.

The School District has no deposit policy for custodial 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 one hundred five percent of the deposits being secured.

B. Investments

As of June 30, 2011, the investment with Star Ohio was \$687,607. STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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 property located in the School District. Property tax receipts received in 2011 for real and public utility property taxes represents collections of the 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) is for 2010 taxes.

2011 real property taxes are levied after October 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. 2011 real property taxes collected after June 30, 2011 are intended to finance 2012.

Real property taxes are payable annually or semi-annually. 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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

7. PROPERTY TAXES (Continued)

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

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. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

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

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

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Agricultural/Residential	\$100,215,710	78.18%	\$101,141,090	78.26%
Industrial/Commercial	20,633,060	16.10%	20,706,730	16.02%
Public Utility Property	78,160	.06%	76,790	.06%
Tangible/Utility Personal Property	7,262,470	5.66%	7,314,090	5.66%
Total Assessed Value	<u>\$128,189,400</u>	<u>100.00%</u>	<u>\$129,238,700</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$40.85		\$39.36

8. INCOME TAXES

The School District levies a voted tax of one-half percent for permanent improvements on the income of residents and of estates. The tax was effective on January 1, 2008, and is effective for a period of three years. On May 4, 2010, the income tax levy was renewed by the voters for an additional three years beginning on January 1, 2011. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the Permanent Improvement Fund.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

9. REVENUE IN LIEU OF TAXES

According to State law, the School District has entered into agreements with a number of property owners under which the School District has granted property tax abatements. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owner's contractual promise to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2011 were \$327.

10. RISK MANAGEMENT

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

Building and Contents - Replacement Cost	\$ 38,788,399
Automobile Liability	12,000,000
General Liability	
Per Occurrence	12,000,000
Aggregate	14,000,000

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

The School District participates in the Allen County Schools Health Benefit Plan (the Plan), a public entity shared risk pool consisting of the local school districts within Allen County. The School District pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2011, the School District participated in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool. The Program is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Program.

Each member pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Participation in the Program is limited to educational entities that can meet the Program's selection criteria. Each participant must apply annually. The Program provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

11. 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.

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 \$540,025 and \$368 for the fiscal year ended June 30, 2011, \$533,243 and \$5,266 for the fiscal year ended June 30, 2010, and \$515,692 and \$3,749, for the fiscal year ended June 30, 2009. For fiscal year 2011, 83.21 percent has been contributed for the DBP and 83.21 percent has been contributed for the CP. The full amount has been contributed for fiscal years 2010 and 2009. In addition, member contributions of \$263 were made for fiscal year 2011 for the defined contribution portion of the CP.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

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 \$130,994, \$138,079, and \$92,077, respectively. For fiscal year 2011, 41.30 percent has been contributed. 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 the 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 paid.

12. 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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

12. POSTEMPLOYMENT BENEFITS (Continued)

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 \$41,569, \$41,424, and \$39,957, respectively. For fiscal year 2011, 83.21 percent has been contributed. 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 \$16,610 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 \$15,861, \$4,970, and \$42,139, respectively. For fiscal year 2011, 41.30 percent has been contributed. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employee 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 \$8,430, \$8,211, and \$7,597, respectively. For fiscal year 2011, 41.30 percent has been contributed. The full amount has been contributed for fiscal years 2010 and 2009.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

13. INTERFUND TRANSACTIONS

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

Transfers to Non-major Governmental funds from:	
General Fund	\$22,000
Transfers to Major Debt Service funds from:	
General Fund	33,726
Transfers to Non-major Governmental funds from:	
Major Debt Service Fund	43,108

Transfers are used to move unrestricted cash receipts collected in the general fund to other funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2011, the Board approved a transfer of \$43,108 from the Debt Service fund to the Permanent Improvement fund. This transfer represents the balance that was remaining in the bond levy originally passed in 1986, and since the purpose of the original bond language was in line with Permanent Improvements, the balance was transferred to the PI fund upon recommendation by the district's legal counsel.

Advances can be made between the General Fund and the other governmental non major funds. On June 23, 2011, the Board approved for the prior outstanding advances to the Lunchroom fund of \$24,000 and the Uniform School Supply fund of \$8,000 to be permanent transfers. This eliminates all outstanding advances as of June 30, 2011.

Interfund transfers and advances between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers or advances are reported on the statement of activities.

14. LONG TERM OBLIGATIONS

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

Governmental Activities	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11	Due Within One Year
General Obligation Bonds:					
2005 School Improvement					
Serial Bonds 3.0 – 3.75%	\$2,440,000		\$355,000	\$2,085,000	\$380,000
Term Bonds – 4.125%	885,000			885,000	
Capital Appreciation Bonds – 25.6%	79,641			79,641	
Accretion on Capital Bonds	191,054	\$73,750		264,804	
Total School Improvement Bonds	3,595,695	73,750	355,000	3,314,445	380,000
Library Construction Bonds – 4.92%	1,620,000		55,000	1,565,000	55,000
Energy Conservation Financing Pro.					
2006 HB 264 Loan – 5.0%	417,609		29,016	388,593	29,544
Total Governmental Activities					
Long-Term Liabilities	\$5,633,304	\$73,750	\$439,016	\$5,268,038	\$464,544

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

14. LONG TERM OBLIGATIONS (Continued)

2005 School Improvement Bonds – On May 3, 2005, the School District defeased a 1997 School Improvement Bond Issue with the issuance of \$5,034,641 in general obligation bonds. The bond issue included serial and term current interest bonds, and capital appreciation bonds in the amount of \$4,070,000, \$885,000 and \$79,641, respectively.

Term Bonds - The term bonds due on December 1, 2021 are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption of \$445,000 is to occur on December 1, 2020 at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date. Unless otherwise called for redemption, the remaining \$440,000 principal amount of the Bonds due December 2021 is to be paid at stated maturity.

The current interest bonds maturing on December 2015 and December 2021 are subject to optional redemption, in whole or part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity at the option of the board of Education on or after June 1, 2015, at the redemption price of 100%.

The capital appreciation bonds are not subject to redemption until maturity and will mature in fiscal years 2016 through 2019. The maturity amount of the bonds is \$1,785,000. For fiscal year 2011, the accretion was \$73,750 and the total bond value was \$344,445.

2002 Library Construction Improvement Bonds - On February 1, 2002, Library Construction Improvement Bonds were issued in the amount of \$1,965,000 for the purpose of renovating, improving and constructing an addition to the Bluffton-Richland Public Library. These bonds are payable from a voted debt service tax levied on all taxable property in the School District.

Energy Conservation HB264 Loan – the loan was obtained for energy conserving measures in accordance with the House Bill 264 School Energy Conservation Financing Program, at a 5% rate of interest. The School District was awarded \$519,301. Of this amount \$309,811 was received in fiscal year 2007 and \$209,648 was received in fiscal year 2006. The loan will be retired from the debt service fund with payments beginning in August 2006. After five years, in fiscal year 2012, the School District has the option of renegotiating the loan and extending the balance.

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

Fiscal Year	General Obligation Bonds			
	Serial	Term		
Ending	Principal	Interest	Principal	Interest
2012	\$ 435,000	\$ 149,678		\$ 36,506
2013	465,000	133,766		36,506
2014	475,000	116,669		36,506
2015	500,000	98,425		36,506
2016	515,000	78,929		36,506
2017-2021	385,000	286,220	\$445,000	182,429
2022-2026	500,000	183,700	440,000	
2027-2029	375,000	31,487		
Totals	<u>\$3,650,000</u>	<u>\$1,078,874</u>	<u>\$885,000</u>	<u>\$364,959</u>

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

14. LONG TERM OBLIGATIONS (Continued)

<u>Fiscal Year</u> <u>Ending</u>	<u>General Obligation Bonds</u> <u>Capital Appreciation</u>	
	<u>Principal</u>	<u>Interest</u>
2017-2020	<u>\$79,641</u>	<u>\$1,705,359</u>

<u>Fiscal Year</u> <u>Ending</u>	<u>Energy Conservation</u> <u>HB264 Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2012	<u>\$388,593</u>	<u>\$1,626</u>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

The School District has defeased the 1997 School Improvement bond Issue by placing cash with a trustee in an amount sufficient to pay all debt principal and interest when they come due. The principal amount of the defeased debt outstanding at June 30, 2011 was \$3,049,641. The cash and investments held by the trustee are not included in the School District's assets nor are the outstanding bonds included above.

The School District's overall debt margin was \$7,337,576 with an unvoted debt margin of \$129,239 at June 30, 2011.

15. OPERATING LEASE

The School District leases two parcels of land under a cancelable lease with the final payment due in fiscal year 2018. The School District disbursed \$4,500 to pay lease costs for the fiscal year ended June 30, 2010. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 4,500
2013	4,500
2014	4,500
2015	4,500
2016	4,500
2017-2018	9,000
Total	<u>\$ 31,500</u>

16. SET ASIDE REQUIREMENTS

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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

16. SET ASIDE REQUIREMENTS (Continued)

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set Aside Reserve Balance June 30, 2010	(\$149,383)	
Current Year Set Aside Requirement	173,291	\$173,291
Current Year Offsets		(173,291)
Current Year Qualifying Expenditures	(193,900)	
Total	<u>(\$169,992)</u>	<u> </u>
Amount Carried Forward to Fiscal Year 2012	<u>(\$169,992)</u>	<u>\$ 0</u>

The School District had qualifying cash disbursements during the current and prior fiscal years that reduced the textbooks set aside amount to below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

17. 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:

<u>Fund Balance</u>	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:				
Regular Instruction			\$ 1,481	\$ 1,481
Special Instruction			7,893	7,893
Athletics			14,707	14,707
Food Service Operations			1,415	1,415
Scholarships			64,825	64,825
Mgmt Info Systems			5,000	5,000
Capital Improvements			202,345	202,345
Debt Service		\$709,327		709,327
Total Restricted		<u>709,327</u>	<u>297,666</u>	<u>1,006,993</u>
Assigned for:				
Educational Activities	\$ 40,173			40,173
Unpaid Obligations	39,815			39,815
Total Assigned	<u>79,988</u>			<u>79,988</u>
Unassigned:	<u>2,294,557</u>			<u>2,294,557</u>
Total Fund Balance	<u>\$2,374,545</u>	<u>\$709,327</u>	<u>\$297,666</u>	<u>\$3,381,538</u>

18. CONTRACTUAL COMMITMENTS

As of June 30, 2011, the School District had the following contractual commitments obligated from the Permanent Improvement Fund:

County Electric – Air Conditioning Project/Electrical	\$25,470
Lippincott Plumbing, Heating & A/C – Air Conditioning Project/Mechanical	\$98,741

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

19. JOINTLY GOVERNED ORGANIZATIONS

A. Apollo Joint Vocational School

The Apollo Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Apollo Joint Vocational School, Greg Bukowski, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

B. Northwest Ohio Area Computer Services Cooperative

The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among member school districts, including both public school districts and county boards of education, in Allen, Auglaize, Hancock, Mercer, Paulding, Putnam, and Van Wert counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each school supports NOACSC based upon a per pupil charge. The Governing Board of NOACSC consists of two representatives from each county and one representative from the fiscal agent. The representatives from each county are elected by a majority vote of all county member schools. Financial information can be obtained from Ray Burden, Director, at 645 South Main St., Lima, Ohio 45805.

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.

20. PUBLIC ENTITY RISK POOLS

A. Allen County Schools Health Benefit Plan

The School District participates in the Allen County Schools Health Benefit Plan (the Program), a public entity shared risk pool consisting of the school districts within Allen County. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

20. PUBLIC ENTITY RISK POOLS (Continued)

Each participating school district's superintendent is appointed to a Board of Trustees which advises the Trustee, Allied Benefits, concerning aspects of the administration of the Trust. Each school district decides which plan offered by the Board of Trustees will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums. Financial information can be obtained from Brian Rockhold, who serves as Chairman, at 1920 Slabtown Road, Lima, Ohio 45801.

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

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

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

21. RELATED ORGANIZATION

Bluffton-Richland Public Library

The Bluffton-Richland Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies.

Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Bluffton-Richland Public Library, James Weaver, Clerk/Treasurer, at 145 S. Main Street, Bluffton, Ohio 45817.

22. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the School District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

23. SUBSEQUENT EVENTS

On July 15, 2011, the School District refinanced the Energy Conservation HB264 Loan, in the amount of \$388,593 at a 3.947% fixed rate of interest, maturing on July 15, 2021.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
United States Department of Agriculture					
(Passed through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$59,939		\$59,939
Cash Assistance:					
National School Lunch Program	10.555	\$103,376		\$103,376	
Special Milk Program for Children	10.556	2,458		2,458	
Total Nutrition Cluster		<u>105,834</u>	<u>59,939</u>	<u>105,834</u>	<u>59,939</u>
Total United States Department of Agriculture		<u>105,834</u>	<u>59,939</u>	<u>105,834</u>	<u>59,939</u>
United States Department of Education					
(Passed through Ohio Department of Education)					
Title 1 Cluster:					
Title I Grants to Local Educational Agencies	84.010	65,511		68,067	
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	<u>19,341</u>		<u>20,188</u>	
Total Title I Cluster		<u>84,852</u>		<u>88,255</u>	
Special Education Cluster:					
Special Education Grants to States	84.027	192,518		193,810	
ARRA Special Education Grants to States, Recovery Act	84.391	<u>109,856</u>		<u>112,340</u>	
Total Special Education Cluster		<u>302,374</u>		<u>306,150</u>	
Safe and Drug-Free Schools and Communities	84.186			913	
Education Technology State Grants	84.318	218		218	
Improving Teacher Quality State Grants	84.367	26,761		26,761	
ARRA State Fiscal Stabilization Fund (SFSF)					
Education State Grants Recovery Act	84.394	295,883		295,883	
ARRA State Fiscal Stabilization Fund (SFSF)					
Race-To-The-Top Incentive Grants, Recovery Act	84.395	22,364		20,883	
Education Jobs Grant	84.410	<u>116,000</u>		<u>116,000</u>	
Total United States Department of Education		<u>848,452</u>		<u>855,063</u>	
Total Federal Financial Assistance		<u>\$954,286</u>	<u>\$59,939</u>	<u>960,897</u>	<u>\$59,939</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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*

Bluffton Exempted Village School District
Allen County
102 South Jackson Street
Bluffton, Ohio 45817

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bluffton Exempted Village School District, Allen County, (the School District) as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 14, 2011, wherein we noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles and adopted the provisions of Governmental Accounting Standards Board Statement No. 54. 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 School 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 School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School 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 School 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 School 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and others within the School 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 14, 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

Bluffton Exempted Village School District
Allen County
102 South Jackson Street
Bluffton, Ohio 45817

To the Board of Education:

Compliance

We have audited the compliance of Bluffton Exempted Village School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Bluffton Exempted Village School District's major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School 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 School 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 School 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 School District's compliance with those requirements.

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

Internal Control Over Compliance

The School 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 School 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 School District's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

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



Dave Yost
Auditor of State

December 14, 2011

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2011-01

Noncompliance

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports which are prepared using generally accepted accounting principles. However, the School District prepared its financial statements in accordance with the cash accounting basis. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare its financial statements according to generally accepted accounting principles to provide any user with more meaningful and useful financial statements.

OFFICIALS' RESPONSE:

The Bluffton Exempted Village School District plans to continue reporting using the cash basis of accounting as directed by the Board of Education on September 15, 2003. Financial statements are prepared using the GASB 34/Other Comprehensive Basis of Accounting (OCBOA) format because the District believes this to be more cost efficient.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Rev. Code Section 117.38 and Ohio Admin. Code 117-2-03(B) – Failed to prepare financial statements in accordance with GAAP	No	Repeated as Finding 2011-01

This page intentionally left blank.



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

Bluffton Exempted Village School District
Allen County
102 South Jackson Street
Bluffton, Ohio 45817

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

1. We noted the Board amended its anti-harassment policy at its meeting on September 27, 2010, to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 14, 2011

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688
www.auditor.state.oh.us

This page intentionally left blank.



Dave Yost • Auditor of State

BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT

ALLEN 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
JANUARY 24, 2012**