

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	19
Adult Education Fund.....	20
Statement of Fiduciary Net Assets.....	21
Statement of Changes in Fiduciary Net Assets.....	22
Notes to the Basic Financial Statements.....	23
Federal Awards Receipts and Expenditures Schedule.....	51
Notes to the Federal Awards Receipts and Expenditures Schedule.....	52
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance Required by OMB Circular A-133.....	55
Schedule of Findings.....	57
Schedule of Prior Audit Findings.....	59

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckeye Joint Vocational School District, Tuscarawas County, Ohio, as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Special Revenue Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and 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

November 23, 2011

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

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

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

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities increased \$949,485 which represents a 4.29% increase from 2010.
- General revenues accounted for \$11,984,983 in revenue or 77.66% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,448,520 or 22.34% of total revenues of \$15,433,503.
- The District had \$14,484,018 in expenses related to governmental activities; \$3,448,520 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,984,983 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, adult education fund and building fund. The general fund had \$12,424,952 in revenues and other financing sources and \$11,829,334 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance increased \$595,618 from a restated balance of \$12,043,461 to \$12,639,079.
- The adult education fund had \$1,600,867 in revenues and \$1,459,940 in expenditures. During fiscal year 2011, the adult education fund's fund balance increased \$140,927 from \$1,302,222 to \$1,443,149.
- The building fund had \$535,367 in revenues and \$261,273 in expenditures. During fiscal year 2011, the building fund's fund balance increased \$274,094 from \$4,299,123 to \$4,573,217.

Using these Basic Financial Statements

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

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

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

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

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-50 of this report.

The District as a Whole

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

The table below provides a summary of the District's net assets for 2011 and 2010.

	Net Assets	
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Assets</u>		
Current and other assets	\$ 24,430,120	\$ 23,341,555
Capital assets, net	<u>4,710,339</u>	<u>4,599,316</u>
Total assets	<u>29,140,459</u>	<u>27,940,871</u>
<u>Liabilities</u>		
Current liabilities	5,441,372	5,178,614
Long-term liabilities	<u>636,349</u>	<u>649,004</u>
Total liabilities	<u>6,077,721</u>	<u>5,827,618</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	4,521,332	4,409,958
Restricted	6,170,128	5,881,706
Unrestricted	<u>12,371,278</u>	<u>11,821,589</u>
Total net assets	<u>\$ 23,062,738</u>	<u>\$ 22,113,253</u>

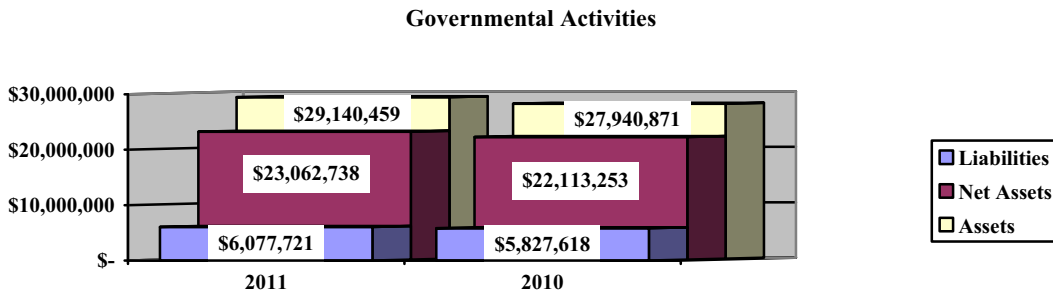
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$23,062,738. Of this total, \$12,371,278 is unrestricted in use.

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

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

At year-end, capital assets represented 16.16% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The District had \$4,521,332 invested in capital assets, net of related debt at June 30, 2011. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net assets, \$6,170,128, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$12,371,278 may be used to meet the District's ongoing obligations to the students and creditors.



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

Change in Net Assets

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,674,654	\$ 2,745,546
Operating grants and contributions	1,773,866	1,745,978
General revenues:		
Property taxes	4,676,954	4,534,436
Grants and entitlements	7,226,837	7,035,853
Investment earnings	70,285	126,884
Other	<u>10,907</u>	<u>11,080</u>
Total revenues	<u><u>15,433,503</u></u>	<u><u>16,199,777</u></u>

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

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

Change in Net Assets

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	1,225,142	1,235,831
Special	599,085	612,236
Vocational	6,042,545	6,194,722
Adult/continuing	1,595,664	1,782,758
Support services:		
Pupil	887,772	850,699
Instructional staff	658,315	699,919
Board of education	150,068	115,385
Administration	697,785	677,258
Fiscal	404,622	386,761
Operations and maintenance	1,560,370	1,644,953
Pupil transportation	11,242	18,978
Central	173,513	183,260
Operations of non-instructional services	2,114	1,136
Food service operations	436,539	448,968
Extracurricular activities	13,171	10,414
Interest and fiscal charges	26,071	16,241
Total expenses	<u>14,484,018</u>	<u>14,879,519</u>
Change in net assets	949,485	1,320,258
Net assets at beginning of year	<u>22,113,253</u>	<u>20,792,995</u>
Net assets at end of year	<u>\$ 23,062,738</u>	<u>\$ 22,113,253</u>

Governmental Activities

Net assets of the District's governmental activities increased \$949,485. Total governmental expenses of \$14,484,018 were offset by program revenues of \$3,448,520 and general revenues of \$11,984,983. Program revenues supported 23.81% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 77.13% of total governmental revenue.

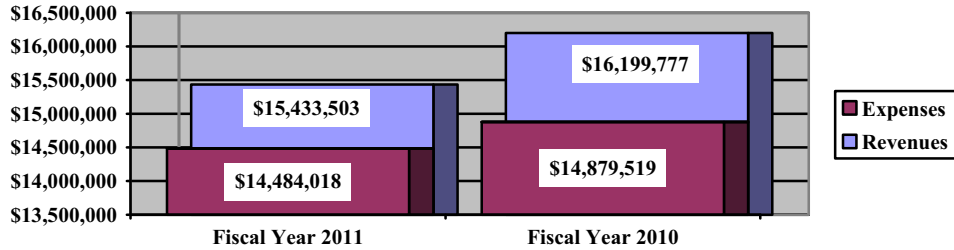
The largest expense of the District is for instructional programs. Instruction expenses totaled \$9,462,436 or 65.33% of total governmental expenses for fiscal year 2011.

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

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

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

Governmental Activities - Revenues and Expenses



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

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
Program expenses				
Instruction:				
Regular	\$ 1,225,142	\$ 1,190,429	\$ 1,235,831	\$ 1,190,540
Special	599,085	541,306	612,236	556,756
Vocational	6,042,545	3,772,606	6,194,722	2,914,249
Adult/continuing	1,595,664	1,446,985	1,782,758	1,753,758
Support services:				
Pupil	887,772	683,329	850,699	628,180
Instructional staff	658,315	522,469	699,919	462,619
Board of education	150,068	150,068	115,385	115,385
Administration	697,785	697,681	677,258	667,839
Fiscal	404,622	400,938	386,761	383,927
Operations and maintenance	1,560,370	1,554,200	1,644,953	1,638,817
Pupil transportation	11,242	2,692	18,978	18,978
Central	173,513	6,173	183,260	(1,158)
Operations of non-instructional services	2,114	2,114	1,136	685
Food service operations	436,539	34,649	448,968	30,765
Extracurricular activities	13,171	3,788	10,414	10,414
Interest and fiscal charges	26,071	26,071	16,241	16,241
Total expenses	\$ 14,484,018	\$ 11,035,498	\$ 14,879,519	\$ 10,387,995

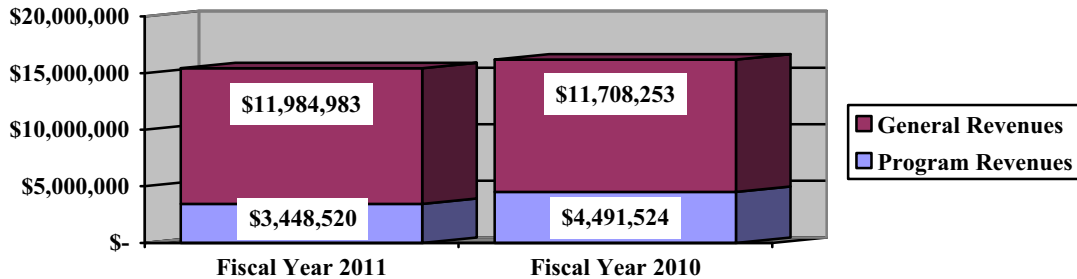
The dependence upon tax and other general revenues for governmental activities is apparent, 73.46% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 76.19%. The District's taxpayers and State funding are the primary support for District's students.

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

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

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$18,547,368, which is higher than last year's restated total of \$17,630,951. The District restated fund balance for governmental funds as described in Note 3.B. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance June 30, 2011	Restated Fund Balance (deficit) June 30, 2010	Increase (decrease)	Percentage Change
General	\$12,639,079	\$12,043,461	\$ 595,618	4.95 %
Adult Education	1,443,149	1,302,222	140,927	10.82 %
Building	4,573,217	4,299,123	274,094	6.38 %
Other Governmental	<u>(108,077)</u>	<u>(13,855)</u>	<u>(94,222)</u>	680.06 %
Total	<u>\$18,547,368</u>	<u>\$17,630,951</u>	<u>\$ 916,417</u>	5.20 %

General Fund

The District's general fund balance remained relatively stable, with an increase in fund balance of \$595,618 or 4.95%. Tax revenue increased \$187,816 or 4.59% from the prior year. The decrease in earnings on investments is due to declining interest rates on the District's investments. Instruction and support service expenditures remained relatively consistent with 2010 experiencing primarily anticipated salary/wage increases. The District was able to hold salary and wage increases to a minimum due to attrition. The increase in support services can be attributed to the rising cost of utilities. The increase in capital outlay and increase in debt service expenditures is due to the District entering into a capital lease agreement in fiscal year 2011 for copier equipment.

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

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

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

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,275,374	\$ 4,087,558	\$ 187,816	4.59 %
Earnings on investments	68,620	130,339	(61,719)	(47.35) %
Charges for services	212,639	225,283	(12,644)	(5.61) %
Classroom materials and fees	51,088	64,388	(13,300)	(20.66) %
Intergovernmental	7,689,220	7,506,034	183,186	2.44 %
Other revenues	<u>20,290</u>	<u>20,949</u>	<u>(659)</u>	(3.15) %
Total	<u>\$ 12,317,231</u>	<u>\$ 12,034,551</u>	<u>\$ 282,680</u>	2.35 %
<u>Expenditures</u>				
Instruction	\$ 7,615,860	\$ 7,801,344	\$ (185,484)	(2.38) %
Support services	3,972,326	3,923,392	48,934	1.25 %
Operation of non-instructional services	2,114	149	1,965	1,318.79 %
Capital outlay	101,063	-	101,063	100.00 %
Extracurricular activities	13,171	10,414	2,757	26.47 %
Debt service	<u>69,400</u>	<u>60,288</u>	<u>9,112</u>	15.11 %
Total	<u>\$ 11,773,934</u>	<u>\$ 11,795,587</u>	<u>\$ (21,653)</u>	(0.18) %

Adult Education Fund

The adult education fund had \$1,600,867 in revenues and \$1,459,940 in expenditures. The decrease in revenue is a result of a decrease in tuition revenue. During fiscal year 2011, the adult education fund's fund balance increased \$140,927 from \$1,302,222 to \$1,443,149.

Building Fund

The building fund had \$535,367 in revenues and \$261,273 in expenditures. The revenues in the building fund remained comparable to 2010, while expenditures increased \$255,900 due to an increase in maintenance and repair costs. During fiscal year 2011, the building fund's fund balance increased \$274,094 from \$4,299,123 to \$4,573,217.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$11,277,689 and final budgeted revenues and other financing sources were \$11,268,689. Actual revenues and other financing sources for fiscal year 2011 was \$12,090,460. This represents an \$821,771 increase over final budgeted revenues, with intergovernmental state and property taxes comprising most of this increase.

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

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

General fund original appropriations (appropriated expenditures including other financing uses) of \$12,929,315 were left the same in the final appropriated budget. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$11,668,919, which was \$1,260,396 less than the final budget appropriations, due to controls on spending.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had \$4,741,054 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2011 balances compared to 2010:

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

	Governmental Activities	
	2011	2010
Land	\$ 582,550	\$ 422,550
Land improvements	16,297	19,511
Building and improvements	2,077,441	2,055,934
Furniture and equipment	1,975,346	2,017,700
Vehicles	58,705	83,621
Total	\$ 4,710,339	\$ 4,599,316

The overall increase in capital assets of \$111,023 is due to capital outlays of \$752,432 exceeding depreciation expense of \$586,668 and disposals of \$54,741 (net of accumulated depreciation) in the fiscal year.

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

Debt Administration

At June 30, 2011, the District had \$189,007 in capital lease obligations outstanding. Of this total, \$48,957 is due within one year and \$140,050 is due within greater than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Year End

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
Capital lease obligations	\$ 189,007	\$ 189,358
Total	\$ 189,007	\$ 189,358

See Note 10 to the basic financial statements for additional information on the District's long-term obligations.

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

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

Current Financial Related Activities

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

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

Although the District relies heavily on its property taxpayers to support its operations, the community support for the District is quite strong. Both of our levies have been renewed by an overwhelming margin. The District expects to have a positive general fund balance through 2014. We have tried to communicate to the public the service that our District provides to the community. We have a very strong adult education program that services many of our community members. The District has a strong public relations campaign that explains to the public what we are trying to do.

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

The District does not anticipate any meaningful growth in the State revenue. The District's state revenue is currently calculated based upon the previous year. There will be no increase in revenue from the state through fiscal year 2013. Enrollment has remained steady, or increased slightly, for the past several years, and is anticipated to remain the same.

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

Contacting the District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 19,313,676
Receivables:	
Property taxes	4,748,453
Accounts.	128,246
Accrued interest	18,835
Intergovernmental	88,599
Prepayments	10,543
Materials and supplies inventory.	121,768
Capital assets:	
Land.	582,550
Depreciable capital assets, net.	4,127,789
Capital assets, net.	4,710,339
 Total assets.	 29,140,459
 Liabilities:	
Accounts payable.	67,422
Contracts payable.	2,701
Accrued wages and benefits	1,157,181
Pension obligation payable.	152,467
Intergovernmental payable	38,536
Unearned revenue	3,912,518
Accrued vacation payable	110,547
Long-term liabilities:	
Due within one year.	62,289
Due in more than one year.	574,060
Total long-term liabilities.	636,349
Total liabilities	6,077,721
 Net Assets:	
Invested in capital assets, net of related debt.	4,521,332
Restricted for:	
Capital projects	4,601,760
Locally funded programs	165
State funded programs.	4,550
Other purposes	1,563,653
Unrestricted.	12,371,278
Total net assets	\$ 23,062,738

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 1,225,142	\$ -	\$ 34,713	\$ (1,190,429)
Special	599,085	-	57,779	(541,306)
Vocational	6,042,545	1,421,101	848,838	(3,772,606)
Adult/continuing.	1,595,664	-	148,679	(1,446,985)
Support services:				
Pupil.	887,772	-	204,443	(683,329)
Instructional staff	658,315	53,172	82,674	(522,469)
Board of education	150,068	-	-	(150,068)
Administration.	697,785	-	104	(697,681)
Fiscal.	404,622	-	3,684	(400,938)
Operations and maintenance	1,560,370	-	6,170	(1,554,200)
Pupil transportation.	11,242	-	8,550	(2,692)
Central	173,513	-	167,340	(6,173)
Operation of non-instructional services:				
Other non-instructional services	2,114	-	-	(2,114)
Food service operations	436,539	190,998	210,892	(34,649)
Extracurricular activities.	13,171	9,383	-	(3,788)
Interest and fiscal charges	26,071	-	-	(26,071)
Totals	\$ 14,484,018	\$ 1,674,654	\$ 1,773,866	(11,035,498)

General Revenues:	
Property taxes levied for:	
General purposes	4,265,507
Capital outlay.	411,447
Grants and entitlements not restricted to specific programs	
Investment earnings	70,285
Miscellaneous	10,907
Total general revenues	11,984,983
Change in net assets	949,485
Net assets at beginning of year	22,113,253
Net assets at end of year	\$ 23,062,738

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Adult Education	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents.	\$ 13,149,520	\$ 1,471,425	\$ 4,529,300	\$ 122,347	\$ 19,272,592
Receivables:					
Property taxes.	4,321,510	-	426,943	-	4,748,453
Accounts	-	128,246	-	-	128,246
Accrued interest	18,835	-	-	-	18,835
Interfund loans	176,842	-	-	-	176,842
Intergovernmental.	-	-	-	88,599	88,599
Prepayments.	10,161	-	-	382	10,543
Materials and supplies inventory	115,506	-	-	6,262	121,768
Restricted assets:					
Equity in pooled cash and cash equivalents	41,084	-	-	-	41,084
Total assets	\$ 17,833,458	\$ 1,599,671	\$ 4,956,243	\$ 217,590	\$ 24,606,962
Liabilities:					
Accounts payable	\$ 56,532	\$ 6,719	\$ -	\$ 4,171	\$ 67,422
Contracts payable.	-	-	2,701	-	2,701
Accrued wages and benefits.	1,105,347	13,931	-	37,903	1,157,181
Compensated absences payable	13,332	-	-	-	13,332
Interfund loans payable.	-	-	-	176,842	176,842
Intergovernmental payable	32,647	3,794	-	2,095	38,536
Unearned revenue.	3,560,736	-	351,782	-	3,912,518
Deferred revenue	293,207	128,246	28,543	88,599	538,595
Pension obligation payable	132,578	3,832	-	16,057	152,467
Total liabilities.	\$ 5,194,379	\$ 156,522	\$ 383,026	\$ 325,667	\$ 6,059,594
Fund Balances:					
Nonspendable:					
Materials and supplies inventory	115,506	-	-	6,262	121,768
Prepays	10,161	-	-	382	10,543
Restricted:					
Capital improvements	-	-	4,573,217	-	4,573,217
Adult education	-	1,443,149	-	-	1,443,149
Other purposes.	-	-	-	4,715	4,715
BWC refunds.	41,084	-	-	-	41,084
Unclaimed monies	1,993	-	-	-	1,993
Assigned:					
Student instruction	31,438	-	-	-	31,438
Student and staff support.	32,936	-	-	-	32,936
Vocational education.	363,612	-	-	-	363,612
Uniform school supplies.	97,003	-	-	-	97,003
Capital improvements	113,577	-	-	-	113,577
Other purposes.	30,414	-	-	-	30,414
Unassigned (deficit).	11,801,355	-	-	(119,436)	11,681,919
Total fund balances (deficit).	\$ 12,639,079	\$ 1,443,149	\$ 4,573,217	\$ (108,077)	\$ 18,547,368
Total liabilities and fund balances	\$ 17,833,458	\$ 1,599,671	\$ 4,956,243	\$ 217,590	\$ 24,606,962

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Total governmental fund balances	\$	18,547,368
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Amounts reported for governmental activities on the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,710,339
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Property taxes receivable	\$	317,453	
Accounts receivable		128,246	
Accrued interest receivable		4,297	
Intergovernmental receivable		88,599	
Total		538,595	538,595

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Capital lease obligations		(189,007)	
Sick leave obligation		(434,010)	
Accrued vacation payable		(110,547)	
Total		(733,564)	<u>(733,564)</u>

Net assets of governmental activities	<u>\$</u>	<u>23,062,738</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>General</u>	<u>Adult Education</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 4,275,374	\$ -	\$ 415,733	\$ -	\$ 4,691,107
Tuition	-	1,278,292	-	-	1,278,292
Earnings on investments	68,620	-	6,430	-	75,050
Charges for services	-	-	-	190,998	190,998
Classroom materials and fees	51,088	59,081	-	-	110,169
Contributions and donations	-	-	-	3,000	3,000
Contract services	212,639	-	-	-	212,639
Other local revenues	20,290	11,030	-	-	31,320
Intergovernmental - intermediate	652	-	-	-	652
Intergovernmental - state	7,688,568	251,762	113,204	45,966	8,099,500
Intergovernmental - federal	-	702	-	831,067	831,769
Total revenues	12,317,231	1,600,867	535,367	1,071,031	15,524,496
Expenditures:					
Current:					
Instruction:					
Regular	1,163,154	-	-	36,001	1,199,155
Special	537,963	-	-	59,647	597,610
Vocational	5,856,658	-	-	32,545	5,889,203
Adult/continuing	-	1,400,065	-	185,845	1,585,910
Support services:					
Pupil	668,024	-	-	216,097	884,121
Instructional staff	533,562	59,875	-	75,595	669,032
Board of education	150,068	-	-	-	150,068
Administration	689,997	-	-	108	690,105
Fiscal	389,714	-	10,352	4,075	404,141
Operations and maintenance	1,540,308	-	-	6,170	1,546,478
Pupil transportation	653	-	-	-	653
Central	-	-	-	173,513	173,513
Operation of non-instructional services:					
Operation of non-instructional	2,114	-	-	-	2,114
Food service operations	-	-	-	431,057	431,057
Extracurricular activities	13,171	-	-	-	13,171
Facilities acquisition and construction	-	-	250,921	-	250,921
Capital outlay	101,063	-	-	-	101,063
Debt service:					
Principal retirement	101,414	-	-	-	101,414
Interest and fiscal charges	26,071	-	-	-	26,071
Total expenditures	11,773,934	1,459,940	261,273	1,220,653	14,715,800
Excess (deficiency) of revenues over (under) expenditures	543,297	140,927	274,094	(149,622)	808,696
Other financing sources (uses):					
Sale of assets	6,658	-	-	-	6,658
Transfers in	-	-	-	55,400	55,400
Transfers (out)	(55,400)	-	-	-	(55,400)
Capital lease transaction	101,063	-	-	-	101,063
Total other financing sources (uses)	52,321	-	-	55,400	107,721
Net change in fund balances	595,618	140,927	274,094	(94,222)	916,417
Fund balances (deficit)					
at beginning of year (restated)	12,043,461	1,302,222	4,299,123	(13,855)	17,630,951
Fund balances (deficit) at end of year	\$ 12,639,079	\$ 1,443,149	\$ 4,573,217	\$ (108,077)	\$ 18,547,368

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Net change in fund balances - total governmental funds \$ 916,417

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

Governmental funds report capital outlays as expenditures.

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

Capital asset additions	\$ 752,432	
Current year depreciation	(586,668)	
Total		165,764

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (54,741)

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

Property taxes	(14,153)	
Tuition	(51,523)	
Earnings on investments	(4,765)	
Intergovernmental	(20,552)	
Total		(90,993)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 101,414

Capital lease transactions are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net assets. (101,063)

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

Sick leave obligation	16,245	
Accrued vacation payable	(3,558)	
Total		12,687

Change in net assets of governmental activities \$ 949,485

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 3,771,440	\$ 3,762,440	\$ 4,129,686	\$ 367,246
Earnings on investments	125,000	125,000	126,073	1,073
Other local revenues	5,000	5,000	10,907	5,907
Intergovernmental - intermediate	652	652	652	-
Intergovernmental - state	7,243,997	7,243,997	7,688,568	444,571
Total revenues	<u>11,146,089</u>	<u>11,137,089</u>	<u>11,955,886</u>	<u>818,797</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,284,040	1,284,040	1,170,681	113,359
Special	566,534	566,534	533,379	33,155
Vocational	6,283,658	6,283,658	5,592,945	690,713
Support services:				
Pupil	702,550	702,550	663,291	39,259
Instructional staff	656,590	656,590	540,313	116,277
Board of education	165,385	165,385	153,537	11,848
Administration	741,852	741,852	690,241	51,611
Fiscal	426,340	426,340	389,495	36,845
Operations and maintenance	1,737,066	1,737,066	1,591,502	145,564
Pupil transportation	6,000	6,000	653	5,347
Operation of non-instructional services	3,000	3,000	-	3,000
Extracurricular activities	10,900	10,900	4,140	6,760
Total expenditures	<u>12,583,915</u>	<u>12,583,915</u>	<u>11,330,177</u>	<u>1,253,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,437,826)</u>	<u>(1,446,826)</u>	<u>625,709</u>	<u>2,072,535</u>
Other financing sources (uses):				
Transfers (out)	(55,400)	(55,400)	(55,400)	-
Advances in	125,000	125,000	127,916	2,916
Advances (out)	(290,000)	(290,000)	(283,342)	6,658
Sale of capital assets	6,600	6,600	6,658	58
Total other financing sources (uses)	<u>(213,800)</u>	<u>(213,800)</u>	<u>(204,168)</u>	<u>9,632</u>
Net change in fund balance	(1,651,626)	(1,660,626)	421,541	2,082,167
Fund balance at beginning of year (restated).	12,499,289	12,499,289	12,499,289	-
Prior year encumbrances appropriated	73,006	73,006	73,006	-
Fund balance at end of year	<u>\$ 10,920,669</u>	<u>\$ 10,911,669</u>	<u>\$ 12,993,836</u>	<u>\$ 2,082,167</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION 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>		
Revenues:				
From local sources:				
Tuition	\$ 1,065,000	\$ 1,168,300	\$ 1,278,292	\$ 109,992
Classroom materials and fees	7,500	54,200	59,081	4,881
Other local revenues	8,000	8,000	11,030	3,030
Intergovernmental - state	200,000	250,000	251,762	1,762
Intergovernmental - federal	500	500	702	202
Total revenue	<u>1,281,000</u>	<u>1,481,000</u>	<u>1,600,867</u>	<u>119,867</u>
Expenditures:				
Current:				
Instruction:				
Adult/continuing	1,631,404	1,631,404	1,404,719	226,685
Support Services:				
Instructional staff	94,000	94,000	91,220	2,780
Total expenditures	<u>1,725,404</u>	<u>1,725,404</u>	<u>1,495,939</u>	<u>229,465</u>
Net change in fund balance	(444,404)	(244,404)	104,928	349,332
Fund balance at beginning of year	1,348,449	1,348,449	1,348,449	-
Prior year encumbrances appropriated	8,904	8,904	8,904	-
Fund balance at end of year	<u>\$ 912,949</u>	<u>\$ 1,112,949</u>	<u>\$ 1,462,281</u>	<u>\$ 349,332</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 86,944	\$ 44,476
Receivables:		
Accrued interest.	<u>61</u>	<u>-</u>
Total assets.	<u>87,005</u>	<u>\$ 44,476</u>
Liabilities:		
Due to students.	<u>-</u>	<u>\$ 44,476</u>
Total liabilities	<u>-</u>	<u>\$ 44,476</u>
Net assets:		
Held in trust for scholarships	<u>87,005</u>	
Total net assets	<u>\$ 87,005</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Private Purpose Trust
	Scholarship
Additions:	
Interest.	\$ 763
Total additions.	763
 Deductions:	
Scholarships awarded	1,000
Change in net assets.	(237)
Net assets at beginning of year	87,242
Net assets at end of year.	\$ 87,005

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

The District operates under an eleven member board representing Dover, New Philadelphia, Carrollton, Garaway, East Holmes, Strasburg, Conotton Valley, Claymont, Newcomerstown, Indian Valley and Tuscarawas Valley School Districts. Each Board member is elected to their home District and then appointed to the District's Board. The District provides educational services as authorized by State statute and federal guidelines. The District employs 85 certified employees, 12 administrators and 27 non-certified employees who provide services to 3,538 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. When applying GASB Statement No. 14, management has considered all potential component units.

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

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

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

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

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

JOINTLY GOVERNED ORGANIZATION

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

The Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating Districts' elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing to member Districts. The Jefferson County Educational Service Center serves as fiscal agent and receives funding from the State Department of Education. The District paid \$25,210 to OME-RESA during fiscal year 2011 for services. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Steubenville, Ohio 43952.

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

East Ohio Schools Employees Insurance Consortium (EOSEIC)

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

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

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

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

Ohio School Plan

The District participates in the Ohio School Plan (the "Plan"), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency Inc., 246 East Sycamore Street, Columbus, Ohio 43205.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

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

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

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

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

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

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

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

E. Budgets

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

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

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final certificate of estimated resources issued during fiscal year 2011.

Appropriations

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

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

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

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

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

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

Lapsing of Appropriations

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

F. Cash and Investments

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

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

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

Under existing Ohio statute, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$68,620, which included \$17,541 assigned from other District funds.

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

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

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

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

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

G. Inventory

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

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net assets.

J. Compensated Absences

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

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

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

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

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

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted by State statute for budget stabilization, amounts restricted for adult education and amounts restricted for food service operations.

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

N. Prepayments

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

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

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

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

O. Estimates

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set-aside from the Bureau of Workers' Compensation (BWC) refunds. A schedule of statutory reserves and detail on the District's restricted assets is presented in Note 17.

Q. Interfund Activity

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

R. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Fund Reclassifications

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

	<u>General</u>	<u>Adult Education</u>	<u>Building</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 11,944,490	\$ 1,302,222	\$ 4,299,123	\$ 85,116	\$ 17,630,951
Fund reclassifications:					
Public school support fund	10,699	-	-	(10,699)	-
Special trust fund	6,333	-	-	(6,333)	-
Uniform school supplies	<u>81,939</u>	<u>-</u>	<u>-</u>	<u>(81,939)</u>	<u>-</u>
Total fund reclassifications	<u>98,971</u>	<u>-</u>	<u>-</u>	<u>(98,971)</u>	<u>-</u>
Restated fund balance (deficit) at July 1, 2010	<u>\$ 12,043,461</u>	<u>\$ 1,302,222</u>	<u>\$ 4,299,123</u>	<u>\$ (13,855)</u>	<u>\$ 17,630,951</u>

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

C. Budgetary Prior Period Adjustment

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

Budgetary Basis

	<u>General Fund</u>
Balance at June 30, 2010	\$ 12,546,812
Funds budgeted elsewhere	<u>(47,523)</u>
Restated balance at July 1, 2010	<u>\$ 12,499,289</u>

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

D. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 26,454
Adult basic education	13,264
Vocational education	72,259
Improving teacher quality	815

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the purchase date in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt instrument rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

A. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$11,672,197. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$10,329,744 of the District's bank balance of \$11,773,439 was exposed to custodial risk as discussed below, while \$1,443,695 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute.

Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 1,000,030	\$ 1,000,030	\$ -	\$ -	\$ -	\$ -
FHLMC	3,908,540	-	-	-	-	3,908,540
FFCB	1,118,796	-	-	-	501,040	617,756
FHLB	994,540	-	-	-	-	994,540
FNMA	750,993	-	-	-	-	750,993
Total	<u>\$ 7,772,899</u>	<u>\$ 1,000,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 501,040</u>	<u>\$ 6,271,829</u>

The weighted average maturity of investments is 3.13 years.

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 1,000,030	12.87
FHLMC	3,908,540	50.29
FFCB	1,118,796	14.39
FHLB	994,540	12.79
FNMA	750,993	9.66
Total	<u>\$ 7,772,899</u>	<u>100.00</u>

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 11,672,197
Investments	<u>7,772,899</u>
Total	<u>\$ 19,445,096</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 19,313,676
Private-purpose trust fund	86,944
Agency fund	<u>44,476</u>
Total	<u>\$ 19,445,096</u>

NOTE 5 - INTERFUND TRANSACTIONS

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

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 176,842

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2011 are reported on the statement of net assets.

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

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 55,400

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

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

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

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

The District receives property taxes from the following counties: Tuscarawas, Carroll, Harrison, Stark, Holmes, Wayne, Coshocton and Guernsey. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$471,864 in the general fund and \$46,618 in the building fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$326,176 in the general fund and \$35,839 in the building fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,317,468,280	95.31	\$ 2,303,712,350	95.09
Public utility personal	109,761,330	4.51	117,013,640	4.83
Tangible personal property	<u>4,293,503</u>	<u>0.18</u>	<u>1,955,840</u>	<u>0.08</u>
Total	<u>\$ 2,431,523,113</u>	<u>100.00</u>	<u>\$ 2,422,681,830</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.80		\$2.80	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 4,748,453
Accounts	128,246
Intergovernmental	88,599
Accrued interest	<u>18,835</u>
Total receivables	<u>\$ 4,984,133</u>

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

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

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

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/11</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 422,550	\$ 160,000	\$ -	\$ 582,550
Total capital assets, not being depreciated	<u>422,550</u>	<u>160,000</u>	<u>-</u>	<u>582,550</u>
Capital assets, being depreciated:				
Land improvements	840,256	-	-	840,256
Buildings and improvements	11,334,800	153,769	-	11,488,569
Furniture and equipment	6,162,240	438,663	(328,177)	6,272,726
Vehicles	441,865	-	-	441,865
Total capital assets, being depreciated	<u>18,779,161</u>	<u>592,432</u>	<u>(328,177)</u>	<u>19,043,416</u>
Less: accumulated depreciation:				
Land improvements	(820,745)	(3,214)	-	(823,959)
Buildings and improvements	(9,278,866)	(132,262)	-	(9,411,128)
Furniture and equipment	(4,144,540)	(426,276)	273,436	(4,297,380)
Vehicles	(358,244)	(24,916)	-	(383,160)
Total accumulated depreciation	<u>(14,602,395)</u>	<u>(586,668)</u>	<u>273,436</u>	<u>(14,915,627)</u>
Governmental activities capital assets, net	<u>\$ 4,599,316</u>	<u>\$ 165,764</u>	<u>\$ (54,741)</u>	<u>\$ 4,710,339</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 22,232
Vocational	519,431
Adult/continuing education	12,712
Support Services:	
Pupil	524
Instructional staff	1,865
Administration	4,617
Operations and maintenance	10,598
Pupil transportation	10,589
Food service operations	<u>4,100</u>
Total depreciation expense	<u>\$ 586,668</u>

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

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

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

Capital assets consisting of equipment have been capitalized in the amount of \$249,431. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2011 was \$84,291, leaving a current book value of \$165,140. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2011 totaled \$101,414 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2012	\$ 57,244
2013	57,244
2014	57,244
2015	21,867
2016	<u>12,757</u>
Total minimum lease payment	206,356
Less: amount representing interest	<u>(17,349)</u>
Total	<u>\$ 189,007</u>

NOTE 10 - LONG-TERM OBLIGATIONS

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

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>6/30/10</u>			<u>6/30/11</u>	<u>Due in</u>
					<u>One Year</u>
Governmental activities:					
Sick leave	\$ 459,646	\$ 45,018	\$ (57,322)	\$ 447,342	\$ 13,332
Capital lease obligation	<u>189,358</u>	<u>101,063</u>	<u>(101,414)</u>	<u>189,007</u>	<u>48,957</u>
Total governmental activities long-term liabilities	<u>\$ 649,004</u>	<u>\$ 146,081</u>	<u>\$ (158,736)</u>	<u>\$ 636,349</u>	<u>\$ 62,289</u>

Sick leave will be paid from the fund from which the employee is paid, which is primarily the general fund, adult education fund, adult basic education fund (a nonmajor governmental fund) and the food service fund (a nonmajor governmental fund).

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

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$217,865,339 and an unvoted debt margin of \$2,420,726.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2011, the District contracted with Ohio Casualty Insurance Company for property and general liability insurance. Indiana Insurance Company also covers commercial property, crime, inland marine, and boiler and machinery with a blanket \$268,085,154 insured value and a \$1,000 deductible.

Professional liability is provided by the Ohio School Plan with \$3,000,000 single occurrence and a \$5,000,000 aggregate limit and no deductible. Vehicles are covered by Indiana Insurance Company with comprehensive coverage and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

B. Workers' Compensation

For fiscal year 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as on experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

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

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

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences and Retirement Incentive

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

B. Health Care Benefits

Effective October 1, 2002, the District formed the East Ohio Schools Employees Insurance Consortium as a charter member with two other local Districts. For certified and classified employees the Consortium provides medical/surgical coverage which is 95% in-network and 70% out-of-network paid for reasonable and customary charges. Major medical expense coverage includes a \$250 individual deductible and a \$500 family deductible, for in-network charges and a \$500 individual deductible and a \$1,000 family deductible for out-of-network. There is a \$500 individual out-of-pocket maximum and a \$800 family out-of-pocket maximum for in-network expenses and a \$1,000 individual out-of-pocket maximum and a \$1,500 family out-of-pocket maximum for out-of-network expenses. A third party administrator, Klais & Company, Inc. of Akron, Ohio reviews all claims which are paid by the Consortium. The Consortium purchases stop-loss coverage of \$100,000 per individual from Excess Benefits, Inc. The District also provides dental, vision and prescription coverage through the Consortium. The premiums are paid per the following, the employees pay 5% of the premium, per month, and the District pays the remainder, for full-time employees. The premium is paid by the fund that pays the salary of the employee.

Total required monthly premiums for coverage are as follows:

	<u>Family</u>	<u>Individual</u>
Medical/Surgical	\$1,156.86	\$462.74
Dental	77.89	31.15
Vision	18.72	7.50
Prescription	255.68	102.18

C. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Klais & Co. and Fort Dearborn Life in the amount of \$50,000.

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

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

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$212,085, \$187,905 and \$124,899, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

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

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

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

NOTE 13 - PENSION PLANS - (Continued)

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

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$780,359, \$760,841 and \$790,476, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$7,221 made by the District and \$5,158 made by the plan members.

C. Social Security System

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

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

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

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

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

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$51,410, \$27,768 and \$85,123, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$13,648, \$11,174 and \$10,305, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$60,028, \$58,526 and \$60,806, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

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

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and adult education fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

Net Change in Fund Balance

	<u>General fund</u>	Adult <u>Education Fund</u>
Budget basis	\$ 421,541	\$ 104,928
Net adjustment for revenue accruals	88,217	-
Net adjustment for expenditure accruals	(11,042)	45,143
Net adjustment for other sources/uses	155,426	-
Funds budgeted elsewhere	(9,669)	-
Adjustment for encumbrances	<u>(48,855)</u>	<u>(9,144)</u>
GAAP basis	<u>\$ 595,618</u>	<u>\$ 140,927</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund, the public school support fund, the uniform school supplies fund and the special trust fund.

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

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

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 17 - SET-ASIDES

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

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

	<u>Textbooks/ Instructional Material</u>	<u>Capital Maintenance/ Acquisition</u>
Set-aside balance June 30, 2010	\$ -	\$ -
Current year set-aside requirement	148,427	148,427
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(1,101,905)	(61,935)
Excess qualified expenditures from prior years	(7,952,651)	-
Current year offsets	-	(518,158)
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ (8,906,129)</u>	<u>\$ (431,666)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ -</u>	<u>\$ -</u>

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

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

NOTE 17 - SET-ASIDES - (Continued)

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

In addition to the above statutory set-asides, the District also has \$41,084 in restricted Bureau of Workers' Compensation (BWC) refunds. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and restricted fund balance in the general fund since allowable expenditures are restricted by State statute.

A schedule of the restricted assets at June 30, 2011 follows:

Amount restricted for BWC refunds	<u>\$ 41,084</u>
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NOTE 18 - COMMITMENTS

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 42,407
Adult education	6,320
Building	483,509
Other nonmajor governmental	<u>7,358</u>
 Total	 <u>\$ 539,594</u>

BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY

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

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	EXPENDITURES	NON-CASH EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Program):						
National School Lunch Program	N/A	10.555		\$10,499		\$10,499
Cash Assistance:						
School Breakfast Program	N/A	10.553	\$32,636		\$32,636	
National School Lunch Program	N/A	10.555	158,504		158,504	
Total U.S. Department of Agriculture-Child Nutrition Cluster			191,140	10,499	191,140	10,499
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct Grant:</i>						
Federal Pell Grant Program	N/A	84.063	501,096		501,096	
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - Basic Grants to States						
	051656-ABS1-2010	84.002			8,205	
	051656-ABS1-2011		220,665		229,575	
			220,665		237,780	
Career and Technical Education - Basic Grants to States						
	051656-20C1-2010	84.048	61,269		58,279	
	051656-20C1-2011		384,466		431,378	
			445,735		489,657	
Improving Teacher Quality State Grants						
	051656-TRS1-2011	84.367	5,355		6,170	
Total Passed Through Ohio Department of Education			671,755		733,607	
Total			\$1,363,991	\$10,499	\$1,425,843	\$10,499

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION DISTRIBUTION

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



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

Buckeye Joint Vocational School District
Tuscarawas County
545 University Drive, NE
New Philadelphia, Ohio 44621

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 the Buckeye Joint Vocational School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

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

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

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

Dave Yost
Auditor of State

November 23, 2011



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

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

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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

November 23, 2011

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS 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)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Federal Pell Grant Program (Direct), CFDA #84.063 Career and Technical Education, CFDA #84.048
(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**

Adult Education Outstanding Student Tuition Accounts/Board Policy/Financial Reporting

Finding Number 2011-001

MATERIAL WEAKNESS

The Adult Education Department (the Department) maintains an Aged Accounts Receivable Report which details each students tuition and respective outstanding balance. Upon review of the June 30, 2011 Aged Accounts Receivable Report, it was discovered that several student accounts were improperly

recognized with an outstanding tuition balance. This resulted in an actual and projected overstatement of the Aged Accounts Receivable Report totaling \$55,913 and \$86,334, respectively. Lastly, the Board of Education has not adopted a policy outlining the process of collecting and writing-off outstanding balances.

The Department should closely review the Aged Accounts Receivable Report for students improperly recognized as carrying an outstanding tuition balance. Additionally, the Board of Education should adopt a policy outlining the process of collecting and writing-off outstanding student tuition balances. This will help ensure the District properly identifies students who owe tuition as well as ensure the accuracy of the District's financial statements.

Sound financial reporting is the responsibility of the District Treasurer and Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the District Treasurer and Board of Education, to identify and correct errors and omissions.

The financial statements have been adjusted accordingly.

Official's Response: The client has elected not to respond.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED 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	Adult Education Receivables and Financial Reporting – The District failed to properly capture accounts receivable for the Adult Education Department.	No	Not Corrected. See Finding Number 2011-001.
2010-002	Finding for Recovery – Against the prior Superintendent for excessive travel reimbursement that was repaid during the audit.	Yes	Finding for Recovery repaid.

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BUCKEYE JOINT VOCATIONAL SCHOOL DISTRICT
TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 22, 2011