

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

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2008***

SANDRA GRISCOM, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Buckeye Valley Local School District
679 Coover Road
Delaware, Ohio 43015

We have reviewed the *Independent Auditor's Report* of the Buckeye Valley Local School District, Delaware County, prepared by Julian & Grube, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Buckeye Valley Local School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 30, 2009

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Education
Buckeye Valley Local School District
679 Coover Road
Delaware, OH 43015

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Buckeye Valley Local School District, Delaware County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise Buckeye Valley Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Buckeye Valley Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

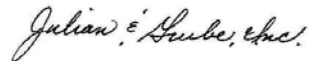
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of Buckeye Valley Local School District, as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the fiscal 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 December 16, 2008, on our consideration of Buckeye Valley Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report
Buckeye Valley Local School District
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buckeye Valley Local School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of receipts and expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
December 16, 2008

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The management's discussion and analysis of the Buckeye Valley Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets of governmental activities increased \$1,346,282 which represents an 11.13% increase from 2007's restated net assets (see Note 3.B.).
- General revenues accounted for \$21,886,849 in revenue or 87.30% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions accounted for \$3,184,783 or 12.70% of total revenues of \$25,071,632.
- The District had \$23,725,350 in expenses related to governmental activities; \$3,184,783 of these expenses were offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$20,988,791 in revenues and other financing sources and \$20,620,009 in expenditures and other financing uses. The general fund's fund balance increased \$368,782 from \$4,227,261 to \$4,596,043.

Using these Basic Financial Statements

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

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

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 2008?" 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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 8. 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 fund is the general fund.

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-51 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The District as a Whole

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

The table below provides a summary of the District's net assets at June 30, 2008 and June 30, 2007. The District's net assets have been restated as detailed in Note 3.B. to the financial statements.

	Net Assets	
	Governmental Activities 2008	Restated Governmental Activities 2007
<u>Assets</u>		
Current and other assets	\$ 17,878,775	\$ 17,140,805
Capital assets, net	18,016,364	18,245,901
Total assets	35,895,139	35,386,706
<u>Liabilities</u>		
Current liabilities	10,806,510	11,138,718
Long-term liabilities	11,648,101	12,153,742
Total liabilities	22,454,611	23,292,460
<u>Net Assets</u>		
Invested in capital assets, net of related debt	8,261,989	7,866,030
Restricted	1,742,282	1,132,614
Unrestricted	3,436,257	3,095,602
Total net assets	\$ 13,440,528	\$ 12,094,246

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$13,440,528.

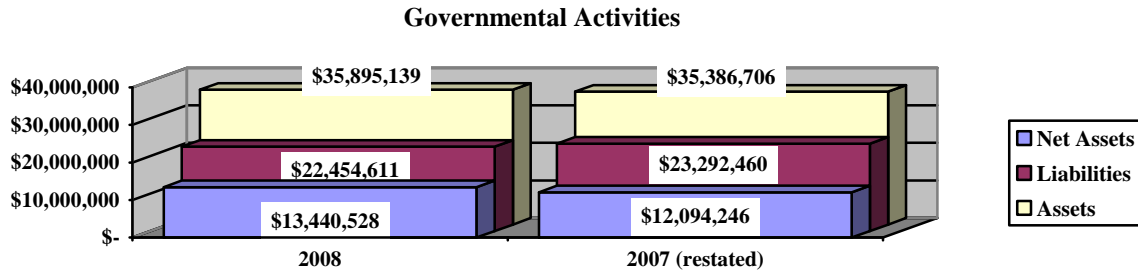
At year-end, capital assets represented 50.19% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$8,261,989. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,742,282, represents resources that are subject to external restriction on how they may be used. Of the restricted net assets, \$531,432 is restricted for debt service and \$981,550 is restricted for capital projects. The remaining balance of unrestricted net assets is \$3,436,257.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The graph below shows the District's assets, liabilities and net assets at June 30, 2008 and June 30, 2007. Certain 2007 balances have been restated due to a prior period adjustment described in Note 3.B. to the financial statements.



The table below shows the change in net assets for fiscal years 2008 and 2007. Certain 2007 balances have been restated due to a prior period adjustment described in Note 3.B. to the financial statements.

	Change in Net Assets	
	Governmental	Restated
	Activities	Governmental
	2008	2007
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,717,768	\$ 1,652,313
Operating grants and contributions	1,434,711	1,374,422
Capital grants and contributions	32,304	59,754
General revenues:		
Property taxes	10,611,831	8,611,371
Income taxes	4,656,605	4,559,907
Grants and entitlements	6,290,417	6,066,602
Investment earnings	279,611	324,582
Other	48,385	150,043
Total revenues	<u>25,071,632</u>	<u>22,798,994</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Change in Net Assets	
	Governmental	Restated
	Activities	Governmental
	<u>2008</u>	<u>2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 10,494,954	\$ 10,342,249
Special	2,149,842	1,778,159
Vocational	449,425	387,791
Other	1,890	-
Support services:		
Pupil	1,791,083	1,824,326
Instructional staff	550,427	516,219
Board of education	206,425	146,641
Administration	1,671,088	1,590,551
Fiscal	649,961	527,410
Operations and maintenance	2,211,150	2,234,590
Pupil transportation	1,573,120	1,461,315
Central	34,341	34,412
Operations of non-instructional services:		
Other non-instructional services	2,900	1,349
Food service operations	808,930	757,229
Extracurricular activities	534,205	522,887
Interest and fiscal charges	<u>595,609</u>	<u>629,031</u>
Total expenses	<u>23,725,350</u>	<u>22,754,159</u>
Change in net assets	1,346,282	44,835
Net assets at beginning of year (restated)	<u>12,094,246</u>	<u>12,049,411</u>
Net assets at end of year	<u>\$ 13,440,528</u>	<u>\$ 12,094,246</u>

Governmental Activities

Net assets of the District's governmental activities increased \$1,346,282. Total governmental expenses of \$23,725,350 were offset by program revenues of \$3,184,783 and general revenues of \$21,886,849. Program revenues supported 13.42% of the total governmental expenses.

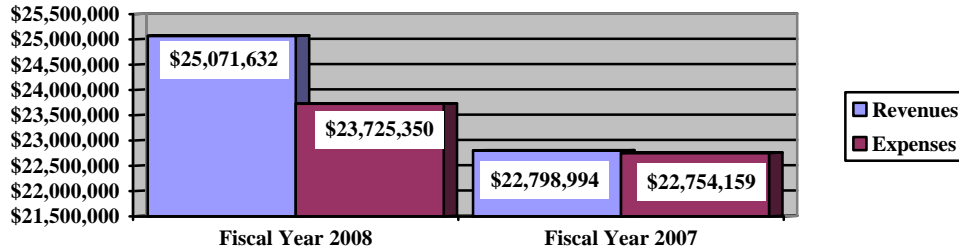
The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources account for 85.99% of total governmental revenue.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2008 and 2007.

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 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses				
Instruction:				
Regular	\$ 10,494,954	\$ 9,605,703	\$ 10,342,249	\$ 9,630,923
Special	2,149,842	1,624,326	1,778,159	811,526
Vocational	449,425	347,949	387,791	268,879
Other	1,890	1,890	-	-
Support services:				
Pupil	1,791,083	1,252,598	1,824,326	1,811,177
Instructional staff	550,427	481,264	516,219	516,219
Board of education	206,425	206,425	146,641	146,641
Administration	1,671,088	1,654,924	1,590,551	1,590,551
Fiscal	649,961	649,961	527,410	527,410
Operations and maintenance	2,211,150	2,208,084	2,234,590	2,204,127
Pupil transportation	1,573,120	1,504,746	1,461,315	1,425,689
Central	34,341	26,710	34,412	34,412
Operations of non-instructional services:				
Other non-instructional services	2,900	595	1,349	-
Food service operations	808,930	85,123	757,229	(236,302)
Extracurricular activities	534,205	294,660	522,887	307,387
Interest and fiscal charges	595,609	595,609	629,031	629,031
Total	<u>\$ 23,725,350</u>	<u>\$ 20,540,567</u>	<u>\$ 22,754,159</u>	<u>\$ 19,667,670</u>

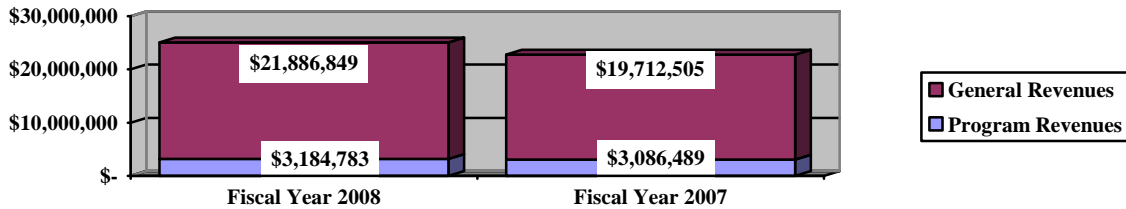
The dependence upon tax and other general revenues for governmental activities is apparent, 88.42% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.58%. The District's taxpayers, as a whole, are by far the primary support for District students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$6,329,815, which is higher than last year's total of \$5,322,710. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance June 30, 2008	Fund Balance June 30, 2007	Change	Percentage Change
General	\$ 4,596,043	\$ 4,227,261	\$ 368,782	8.72 %
Other Governmental	<u>1,733,772</u>	<u>1,095,449</u>	<u>638,323</u>	58.27 %
Total	<u>\$ 6,329,815</u>	<u>\$ 5,322,710</u>	<u>\$ 1,007,105</u>	18.92 %

The increase in other governmental funds is mainly due to a \$500,000 transfer from the general fund to the permanent improvement fund (a nonmajor governmental fund) and \$50,000 to food service fund (a nonmajor governmental fund).

General Fund

During fiscal year 2008, the District's general fund balance increased \$368,782.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues and</u>				
<u>Other financing sources</u>				
Taxes	\$ 13,774,557	\$ 11,755,836	\$ 2,018,721	17.17 %
Tuition	531,240	582,266	(51,026)	(8.76) %
Earnings on investments	244,911	296,847	(51,936)	(17.50) %
Intergovernmental	6,284,720	6,226,310	58,410	0.94 %
Other revenues	134,429	105,861	28,568	26.99 %
Capital lease transactions	<u>18,934</u>	<u>66,037</u>	<u>(47,103)</u>	(71.33) %
Total	<u>\$ 20,988,791</u>	<u>\$ 19,033,157</u>	<u>\$ 1,955,634</u>	10.27 %
<u>Expenditures and</u>				
<u>Other financing uses</u>				
Instruction	\$ 11,816,579	\$ 11,203,175	\$ 613,404	5.48 %
Support services	7,867,578	7,482,081	385,497	5.15 %
Extracurricular activities	293,613	264,664	28,949	10.94 %
Non-instructional	708	1,349	(641)	(47.52) %
Capital outlay	18,934	-	18,934	100.00 %
Debt service	72,597	68,090	4,507	6.62 %
Transfers out	<u>550,000</u>	<u>2,867</u>	<u>547,133</u>	19,083.82 %
Total	<u>\$ 20,620,009</u>	<u>\$ 19,022,226</u>	<u>\$ 1,597,783</u>	8.40 %

Overall revenues and other financing sources of the general fund increased \$1,955,634 or 10.27%. The most significant increase was in the area of taxes. Taxes consist of property tax and income tax revenue. Property taxes increased \$1,615,486 from fiscal year 2007. This increase is primarily due to an increase of \$266,000 in property taxes available for advance at fiscal year end that are booked as revenue. Property tax revenues in fiscal year 2007 were lower due to the net effect of these advance entries which lowered property tax revenues by \$1,300,000.

Overall expenditures and other financing uses of the general fund increased \$1,597,783 or 8.40%. The most significant increases were in the areas of instruction, support services and transfers out. Instruction and support service expenditures increased \$613,404 and \$385,497, respectively. These increases can primarily be attributed to scheduled contract increases for certified and non-certified employees. Transfers out increased \$547,133 due to a transfer of \$50,000 to the food service fund (a nonmajor governmental fund) and a transfer of \$500,000 to the permanent improvement fund (a nonmajor governmental fund).

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 2008, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$19,534,977 were \$121,047 lower than the original budgeted amounts. Actual revenues and other financing sources of \$20,774,215 were \$1,239,238 higher than final budgeted amounts.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

General fund actual expenditures plus other financing uses of \$20,825,975 were \$81,065 lower than the final appropriations (appropriated expenditures plus other financing uses) of \$20,907,040. Final appropriations were \$615,712 higher than original appropriations of \$20,291,328.

Capital Assets and Debt Administration

Capital Assets

During fiscal year 2008, the District restated capital assets due to a reappraisal, see Note 3.B for details. At the end of fiscal year 2008, the District had \$18,016,364 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. This entire amount is reported in governmental activities. The table that follows shows June 30, 2008 balances compared to June 30, 2007:

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

	Governmental Activities	
	2008	Restated 2007
Land	\$ 498,673	\$ 498,673
Land improvements	1,152,730	1,205,520
Buildings and improvements	14,389,435	14,682,492
Furniture and equipment	918,025	932,897
Vehicles	964,232	830,316
Infrastructure	93,269	96,003
Total	\$ 18,016,364	\$ 18,245,901

The decrease in capital assets of \$229,537 is primarily attributable to depreciation expense of \$607,133 exceeding capital outlays of \$377,596.

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

Debt Administration

At June 30, 2008 the District had \$9,885,608 in general obligation bonds, loans and capital leases outstanding. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total, \$683,327 is due within one year and \$9,202,281 is due within greater than one year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The table that follows summarizes the bonds, loans and capital leases outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
General obligation bonds - 1996	\$ 5,055,000	\$ 5,535,000
Refunding bonds - current interest - 2005	4,210,008	4,265,008
Refund bonds - capital appreciation - 2005	336,228	296,495
Paving project loan	113,000	173,000
Capital leases	<u>171,372</u>	<u>201,869</u>
Total	<u>\$ 9,885,608</u>	<u>\$ 10,471,372</u>

At June 30, 2008, the District's overall legal debt margin was \$33,526,583 with an unvoted debt margin of \$471,858.

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

Current Financial Related Activities

A Strategic Planning Committee, made up of board members, administrators, staff, and community members developed a mission statement for the District. Four sub-committees were formed under this Strategic Planning: Student Achievement Committee, Finance Committee, Facilities Committee, and Communications Committee.

While all committees meet regularly, the emphasis for the past year has been on trying to pass a Bond Issue for renovations to the High School. The District put a \$17,500,000 bond issue on the May 2007 and August 2007 ballot; the levy failed on both attempts. The District then put an \$18,500,000 bond issue on the ballot for the March 4, 2008 election. That Bond Issue failed by 11 votes.

The District continued to survey the community and to get input. It was determined that the High School should be the main focus, with studies of the elementary schools to follow. A Facilities Improvement Timeline was developed. A Bond Issue for \$16,000,000 for renovations and improvements to the High School was passed on November 4, 2008. At this time development of the plan for the high school has begun. The timeline indicates that the District would be back on the ballot in two years for a bond issue to address the elementary schools. The District has applied to the OSFC for possible agreement on a master facilities plan through the local expedited partnership program. At this time, the District is waiting for the report from the OSFC.

Contacting the District's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 5,123,396
Receivables:	
Property taxes	10,698,646
Income taxes	1,853,478
Accounts	32,429
Accrued interest	13,163
Intergovernmental	44,778
Prepayments	2,654
Materials and supplies inventory	15,036
Inventory held for resale.	3,311
Loans receivable.	2,750
Unamortized bond issuance costs.	89,134
Capital assets:	
Land	498,673
Depreciable capital assets, net	17,517,691
Total capital assets	<u>18,016,364</u>
Total assets.	<u>35,895,139</u>
Liabilities:	
Accounts payable.	142,562
Accrued wages and benefits	1,636,358
Pension obligation payable.	455,575
Intergovernmental payable	61,074
Unearned revenue	8,467,577
Accrued interest payable	43,364
Long-term liabilities:	
Due within one year.	968,341
Due in more than one year	10,679,760
Total liabilities	<u>22,454,611</u>
Net Assets:	
Invested in capital assets, net of related debt.	8,261,989
Restricted for:	
Debt service.	531,432
Capital projects	981,550
Locally funded programs.	6,732
State funded programs	2,446
Federally funded programs.	6,393
Student activities	40,518
School farm.	50,129
Early childhood care	119,855
Other purposes	3,227
Unrestricted.	<u>3,436,257</u>
Total net assets	<u>\$ 13,440,528</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
Instruction:						
Regular	\$ 10,494,954	\$ 849,168	\$ 23,847	\$ 16,236	\$ (9,605,703)	
Special	2,149,842	67,017	458,499	-	(1,624,326)	
Vocational	449,425	4,879	96,597	-	(347,949)	
Other	1,890	-	-	-	(1,890)	
Support services:						
Pupil	1,791,083	32,101	506,384	-	(1,252,598)	
Instructional staff	550,427	16,063	53,100	-	(481,264)	
Board of education.	206,425	-	-	-	(206,425)	
Administration.	1,671,088	1,104	15,060	-	(1,654,924)	
Fiscal	649,961	-	-	-	(649,961)	
Operations and maintenance	2,211,150	2,999	67	-	(2,208,084)	
Pupil transportation	1,573,120	3,721	48,585	16,068	(1,504,746)	
Central	34,341	-	7,631	-	(26,710)	
Operation of non-instructional services:						
Other non-instructional services	2,900	2,186	119	-	(595)	
Food service operations.	808,930	505,717	218,090	-	(85,123)	
Extracurricular activities	534,205	232,813	6,732	-	(294,660)	
Interest and fiscal charges	595,609	-	-	-	(595,609)	
Totals	\$ 23,725,350	\$ 1,717,768	\$ 1,434,711	\$ 32,304	(20,540,567)	

General Revenues:

Property taxes levied for:	
General purposes	8,990,471
Debt service.	962,945
Capital projects	658,415
Income taxes levied for:	
General purposes	4,656,605
Grants and entitlements not restricted to specific programs	
Investment earnings	279,611
Miscellaneous	48,385
Total general revenues	21,886,849
Change in net assets	1,346,282
Net assets at beginning of year (restated).	12,094,246
Net assets at end of year	\$ 13,440,528

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,522,072	\$ 1,601,324	\$ 5,123,396
Receivables:			
Property taxes	9,067,439	1,631,207	10,698,646
Income taxes	1,853,478	-	1,853,478
Accounts	32,429	-	32,429
Accrued interest	13,163	-	13,163
Intergovernmental	-	44,778	44,778
Interfund loans	11,961	-	11,961
Prepayments	2,654	-	2,654
Materials and supplies inventory	15,036	-	15,036
Inventory held for resale	-	3,311	3,311
Loans receivable	2,750	-	2,750
Total assets	<u>\$ 14,520,982</u>	<u>\$ 3,280,620</u>	<u>\$ 17,801,602</u>
Liabilities:			
Accounts payable	\$ 108,488	\$ 34,074	\$ 142,562
Accrued wages and benefits	1,572,609	63,749	1,636,358
Compensated absences payable	155,783	6,104	161,887
Pension obligation payable	393,070	62,505	455,575
Intergovernmental payable	58,504	2,570	61,074
Interfund loan payable	-	11,961	11,961
Deferred revenue	457,852	76,941	534,793
Unearned revenue	7,178,633	1,288,944	8,467,577
Total liabilities	<u>9,924,939</u>	<u>1,546,848</u>	<u>11,471,787</u>
Fund Balances:			
Reserved for encumbrances	307,041	90,194	397,235
Reserved for materials and supplies inventory	15,036	3,311	18,347
Reserved for property tax unavailable for appropriation	1,463,261	265,307	1,728,568
Reserved for prepayments	2,654	-	2,654
Unreserved, undesignated, reported in:			
General fund	2,808,051	-	2,808,051
Special revenue funds	-	176,222	176,222
Debt service fund	-	373,131	373,131
Capital projects funds	-	825,607	825,607
Total fund balances	<u>4,596,043</u>	<u>1,733,772</u>	<u>6,329,815</u>
Total liabilities and fund balances	<u>\$ 14,520,982</u>	<u>\$ 3,280,620</u>	<u>\$ 17,801,602</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total governmental fund balances		\$	6,329,815
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			18,016,364
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	502,364	
Accounts receivable		<u>32,429</u>	
Total			534,793
Unamortized premiums on bond issuance are not recognized in the funds.			(373,130)
Unamortized bond issuance costs are not recognized in the funds.			89,134
Unamortized deferred charges on refundings are not recognized in the funds.			283,993
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(43,364)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(1,511,469)	
General obligation bonds		(9,601,236)	
Paving loan		(113,000)	
Capital lease obligations		<u>(171,372)</u>	
Total			<u>(11,397,077)</u>
Net assets of governmental activities		\$	<u><u>13,440,528</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 8,842,446	\$ 1,597,037	\$ 10,439,483
Income taxes	4,932,111	-	4,932,111
Tuition	531,240	351,002	882,242
Charges for services	-	504,281	504,281
Earnings on investments	244,911	35,517	280,428
Extracurricular	31,352	199,445	230,797
Classroom materials and fees	51,165	119,025	170,190
Other local revenues	51,912	58,890	110,802
Intergovernmental - state	6,284,720	279,618	6,564,338
Intergovernmental - federal	-	1,056,743	1,056,743
Total revenues	<u>20,969,857</u>	<u>4,201,558</u>	<u>25,171,415</u>
Expenditures:			
Current:			
Instruction:			
Regular	9,600,261	764,528	10,364,789
Special	1,857,837	339,558	2,197,395
Vocational	356,591	106,173	462,764
Other	1,890	-	1,890
Support services:			
Pupil	1,239,872	534,686	1,774,558
Instructional staff	444,118	62,040	506,158
Board of education	206,425	-	206,425
Administration	1,633,046	16,107	1,649,153
Fiscal	605,623	46,288	651,911
Operations and maintenance	2,047,467	87,952	2,135,419
Pupil transportation	1,664,333	34,212	1,698,545
Central	26,694	7,647	34,341
Operation of non-instructional services:			
Other non-instructional services	708	2,192	2,900
Food service operations	-	762,323	762,323
Extracurricular activities	293,613	188,597	482,210
Facilities acquisition and construction	-	31,143	31,143
Capital outlay	18,934	-	18,934
Debt service:			
Principal retirement	49,431	595,000	644,431
Interest and fiscal charges	23,166	534,789	557,955
Total expenditures	<u>20,070,009</u>	<u>4,113,235</u>	<u>24,183,244</u>
Excess of revenues over expenditures	<u>899,848</u>	<u>88,323</u>	<u>988,171</u>
Other financing sources (uses):			
Transfers in	-	550,000	550,000
Transfers (out)	(550,000)	-	(550,000)
Capital lease transaction	18,934	-	18,934
Total other financing sources (uses)	<u>(531,066)</u>	<u>550,000</u>	<u>18,934</u>
Net change in fund balances	368,782	638,323	1,007,105
Fund balances at beginning of year	<u>4,227,261</u>	<u>1,095,449</u>	<u>5,322,710</u>
Fund balances at end of year	<u>\$ 4,596,043</u>	<u>\$ 1,733,772</u>	<u>\$ 6,329,815</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds \$ 1,007,105

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

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

Capital asset additions	\$ 377,596	
Current year depreciation	(607,133)	
Total		(229,537)

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

Property taxes	172,348	
Income taxes	(275,506)	
Classroom materials and fees	3,375	
Total		(99,783)

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

Bonds	535,000	
Capital leases	49,431	
Paving loan	60,000	
Total		644,431

Capital lease transactions are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.

(18,934)

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

Decrease in accrued interest payable	2,080	
Accreted interest on "capital appreciation" bonds	(39,733)	
Amortization of bond issue costs	(1,111)	
Amortization of bond premiums	4,648	
Amortization of deferred charges on refundings	(3,538)	
Total		(37,654)

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

80,654

Change in net assets of governmental activities \$ 1,346,282

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
DELAWARE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 8,109,721	\$ 8,059,683	\$ 8,570,463	\$ 510,780
Income taxes	4,690,830	4,661,887	4,957,333	295,446
Tuition	502,715	499,613	531,276	31,663
Earnings on investments	231,676	230,246	244,838	14,592
Extracurricular	29,667	29,483	31,352	1,869
Classroom materials and fees	48,414	48,116	51,165	3,049
Other local revenues	58,026	57,668	61,323	3,655
Intergovernmental - State	5,946,858	5,910,164	6,284,720	374,556
Total revenues	<u>19,617,907</u>	<u>19,496,860</u>	<u>20,732,470</u>	<u>1,235,610</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,779,381	9,655,266	9,622,652	32,614
Special	1,647,327	1,825,414	1,825,324	90
Vocational	328,758	328,758	327,308	1,450
Other	2,000	2,000	1,890	110
Support Services:				
Pupil	1,228,446	1,230,478	1,229,863	615
Instructional staff	505,766	473,399	470,880	2,519
Board of education	177,124	217,808	215,014	2,794
Administration	1,691,012	1,672,260	1,668,205	4,055
Fiscal	535,742	611,993	610,816	1,177
Operations and maintenance	2,235,907	2,269,792	2,250,568	19,224
Pupil transportation	1,841,627	1,749,442	1,722,328	27,114
Central	28,795	28,795	27,126	1,669
Other non-instructional services	1,730	1,730	515	1,215
Extracurricular activities	287,713	289,905	288,775	1,130
Total expenditures	<u>20,291,328</u>	<u>20,357,040</u>	<u>20,261,264</u>	<u>95,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(673,421)</u>	<u>(860,180)</u>	<u>471,206</u>	<u>1,331,386</u>
Other financing sources (uses):				
Refund of prior year expenditure	-	-	6,495	6,495
Transfers (out)	-	(550,000)	(550,000)	-
Advances in	38,117	38,117	35,250	(2,867)
Advances (out)	-	-	(14,711)	(14,711)
Total other financing sources (uses)	<u>38,117</u>	<u>(511,883)</u>	<u>(522,966)</u>	<u>(11,083)</u>
Net change in fund balance	(635,304)	(1,372,063)	(51,760)	1,320,303
Fund balance at beginning of year	2,787,873	2,787,873	2,787,873	-
Prior year encumbrances appropriated	422,908	422,908	422,908	-
Fund balance at end of year	<u>\$ 2,575,477</u>	<u>\$ 1,838,718</u>	<u>\$ 3,159,021</u>	<u>\$ 1,320,303</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 53,047	\$ 104,760
Total assets	<u>53,047</u>	<u><u>104,760</u></u>
Liabilities:		
Accounts payable	-	\$ 6,020
Loans payable	-	2,750
Undistributed assets	-	17,757
Due to students	-	78,233
Total liabilities	<u>-</u>	<u><u>\$ 104,760</u></u>
Net Assets:		
Held in trust for scholarships	28,047	
Endowments	<u>25,000</u>	
Total net assets	<u><u>\$ 53,047</u></u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 2,312
Gifts and contributions.	600
	2,912
Total additions.	2,912
Deductions:	
Scholarships awarded	4,337
	(1,425)
Change in net assets	(1,425)
Net assets at beginning of year.	54,472
Net assets at end of year	\$ 53,047

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

The District was established in 1961. The District serves an area of approximately one hundred ninety-six square miles and is located in Delaware, Marion, Morrow and Union Counties. The District is the 226th largest in the State of Ohio (among 896 school districts and community schools) in terms of enrollment. It is staffed by 122 classified employees, 169 certified teaching personnel and 11 administrative employees who provide services to 2,256 students and other community members. The District currently operates three elementary schools, a junior high school, a high school, an administration building and a bus garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". 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 these criteria, the District does not have any component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Tri-Rivers Educational Computer Association

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public Districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member Districts within each county, one representative from the city Districts, and the superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2008, the District paid \$155,000 to TRECA for various services. Financial information can be obtained from the Tri-Rivers Educational Computer Association, 100 Executive Drive, Marion, Ohio 43302.

Delaware Joint Vocational School

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

Central Ohio Regional Professional Development Center

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

Metropolitan Educational Council

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

PUBLIC ENTITY RISK POOLS

Ohio School Plan

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

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

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

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

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

B. Basis of Presentation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 not available to support the District's own programs. The District's private purpose trust funds account for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various staff-related and student-managed activities.

D. Measurement Focus

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

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

The private purpose trust funds are accounted for using a flow of economic resources measurement focus.

E. Basis of Accounting

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 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, 2008 are recorded as deferred revenue.

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

F. Budgetary Process

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

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Delaware County Budget Commission for tax rate determination.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificates issued for fiscal year 2008.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the function level of expenditures for the general fund and fund level for all other funds, which is the legal level of budgetary control. Budgetary allocations at the object level within the general fund and at the function and object level for all other funds are made by the District Treasurer. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation or function level of the general fund must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2008. All amounts reported in the budgetary statement reflect the original appropriations and the final appropriations, including all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

G. Cash and Investments

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

During fiscal year 2008, investments included a repurchase agreement and The State Treasurer's investment pool of Ohio (STAR Ohio). STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 was \$244,911, which includes \$48,951 assigned from other District funds.

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

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

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

J. Capital Assets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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

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

K. Interfund Balances

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

L. Compensated Absences

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

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

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

M. Accrued Liabilities and Long-Term Obligations

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

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

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

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

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

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for the recycling fund (a nonmajor governmental fund).

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

P. Fund Balance Reserves

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for property taxes unavailable for appropriation, materials and supplies, prepayments and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Q. Interfund Transactions

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

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

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

R. Estimates

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 12) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

B. Restatement of Net Assets

The District's net assets have been restated to reflect a reappraisal of the District's capital assets. The reappraisal of the District's capital assets had the following effect on net assets as previously reported by the governmental activities:

	Governmental Activities
Net assets, June 30, 2007	\$ 11,706,163
Adjustment for capital assets reappraisal	388,083
Restated net assets, June 30, 2007	\$ 12,094,246

See Note 9 for the effect of the change on capital assets balances as previously reported by the District at June 30, 2007.

C. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

	Deficit
<u>Nonmajor Funds</u>	
EMIS	\$ 16
Miscellaneous State Grants	5
Title VI-B	32
Title I	13,701
Title VI	10
Drug free programs	8

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 in these funds resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At fiscal year-end, the District had \$3,450 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents.”

B. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$(216,046), exclusive of the \$260,089 repurchase agreement included in investments below. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as investments. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2008, all of the District’s bank balance of \$81,262 was covered by the Federal Deposit Insurance Corporation.

C. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	Investment <u>Maturities</u> 6 months or less
Repurchase agreement	\$ 260,089	\$ 260,089
STAR Ohio	<u>5,233,710</u>	<u>5,233,710</u>
Total	<u>\$5,493,799</u>	<u>\$ 5,493,799</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 federal agency securities that underlie the District's repurchase agreement 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. Of the District's \$260,089 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. 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, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Repurchase agreement	\$ 260,089	4.73
STAR Ohio	<u>5,233,710</u>	<u>95.27</u>
Total	<u>\$ 5,493,799</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (216,046)
Investments	5,493,799
Cash on hand	<u>3,450</u>
Total	<u>\$ 5,281,203</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$5,123,396
Private-purpose trust fund	53,047
Agency fund	<u>104,760</u>
Total	<u>\$5,281,203</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2008, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 11,961</u>

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

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

- B. Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental funds	<u>\$ 550,000</u>

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

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

- C. Loans between governmental funds and agency funds are reported a “loans receivable/payable” on the financial statements. The District had the following loans outstanding at fiscal year-end:

<u>Loan From</u>	<u>Loan To</u>	<u>Amount</u>
General	Agency	<u>\$ 2,750</u>

This loan is expected to be repaid in the subsequent year as resources become available in the agency fund.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Delaware, Marion, Morrow, and Union Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second half real property tax payments collected by the counties by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late tax settlements, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2008, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the late tax settlements and the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 6 - PROPERTY TAXES - (Continued)

The amount available as an advance at June 30, 2008, was \$1,463,261, in the general fund, \$156,276 in the debt service fund (a nonmajor governmental fund), and \$109,031 in the permanent improvement fund (a nonmajor governmental fund). These amounts have been recorded as revenue. The amount that was available as an advance at June 30, 2007, was \$1,196,712 in the general fund, \$137,314 in the debt service fund (a nonmajor governmental fund), and \$89,551 in the permanent improvement fund (a nonmajor governmental fund).

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

The assessed values upon which fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 447,706,441	95.63	\$ 461,535,971	96.82
Public utility personal	14,659,150	3.13	11,568,520	2.43
Tangible personal property	<u>5,792,913</u>	<u>1.24</u>	<u>3,590,905</u>	<u>0.75</u>
Total	<u>\$ 468,158,504</u>	<u>100.00%</u>	<u>\$ 476,695,396</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$32.80		\$35.85

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, income taxes, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	
Property taxes	\$ 10,698,646
Income taxes	1,853,478
Accounts	32,429
Accrued interest	13,163
Intergovernmental	<u>44,778</u>
Total receivables	<u>\$ 12,642,494</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 8 - INCOME TAX

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

NOTE 9 - CAPITAL ASSETS

Capital assets of the governmental activities have been restated due to a reappraisal of the District's capital assets. The reappraisal had the following effect on the governmental activities capital asset balances as previously reported:

	Balance		Restated
	<u>June 30, 2007</u>	<u>Adjustment</u>	<u>Balance</u>
			<u>June 30, 2007</u>
<i>Capital assets, not being depreciated:</i>			
Land	\$ 498,673	\$ -	\$ 498,673
Total capital assets, not being depreciated	<u>498,673</u>	<u>-</u>	<u>498,673</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	1,503,564	-	1,503,564
Buildings and improvements	18,686,282	(4,018)	18,682,264
Furniture and equipment	2,337,613	(434,975)	1,902,638
Vehicles	1,956,961	-	1,956,961
Infrastructure	<u>154,668</u>	<u>-</u>	<u>154,668</u>
Total capital assets, being depreciated	<u>24,639,088</u>	<u>(438,993)</u>	<u>24,200,095</u>
<i>Less: accumulated depreciation</i>			
Land improvements	(243,417)	(54,627)	(298,044)
Buildings and improvements	(4,322,761)	322,989	(3,999,772)
Furniture and equipment	(1,527,174)	557,433	(969,741)
Vehicles	(1,116,397)	(10,248)	(1,126,645)
Infrastructure	<u>(70,194)</u>	<u>11,529</u>	<u>(58,665)</u>
Total accumulated depreciation	<u>(7,279,943)</u>	<u>827,076</u>	<u>(6,452,867)</u>
Total capital assets, being depreciated	<u>17,359,145</u>	<u>388,083</u>	<u>17,747,228</u>
Governmental activities capital assets, net	<u>\$ 17,857,818</u>	<u>\$ 388,083</u>	<u>\$ 18,245,901</u>

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - CAPITAL ASSETS - (Continued)

	Restated Balance <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2008</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 498,673	\$ -	\$ -	\$ 498,673
Total capital assets, not being depreciated	<u>498,673</u>	<u>-</u>	<u>-</u>	<u>498,673</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,503,564	-	-	1,503,564
Building and improvements	18,682,264	-	-	18,682,264
Furniture and equipment	1,902,638	106,308	-	2,008,946
Vehicles	1,956,961	271,288	(114,410)	2,113,839
Infrastructure	154,668	-	-	154,668
Total capital assets, being depreciated	<u>24,200,095</u>	<u>377,596</u>	<u>(114,410)</u>	<u>24,463,281</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(298,044)	(52,790)	-	(350,834)
Building and improvements	(3,999,772)	(293,057)	-	(4,292,829)
Furniture and equipment	(969,741)	(121,180)	-	(1,090,921)
Vehicles	(1,126,645)	(137,372)	114,410	(1,149,607)
Infrastructure	(58,665)	(2,734)	-	(61,399)
Total accumulated depreciation	<u>(6,452,867)</u>	<u>(607,133)</u>	<u>114,410</u>	<u>(6,945,590)</u>
Depreciable capital assets, net	<u>17,747,228</u>	<u>(229,537)</u>	<u>-</u>	<u>17,517,691</u>
Governmental activities capital assets, net	<u>\$ 18,245,901</u>	<u>\$ (229,537)</u>	<u>\$ -</u>	<u>\$ 18,016,364</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 243,937
Special	15,382
Vocational	5,697
<u>Support services:</u>	
Pupil	10,915
Instructional staff	42,961
Administration	9,225
Fiscal	658
Operations and maintenance	30,957
Pupil transportation	140,143
Extracurricular activities	51,995
Food service operations	<u>55,263</u>
Total depreciation expense	<u>\$ 607,133</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

Automobile Liability	\$2,000,000
Uninsured Motorist	1,000,000
Buildings and Contents/Boiler and Machinery	63,599,931
General District Liability	
Per Occurrence	1,000,000
Total Per Year	3,000,000
Excess Liability	1,000,000

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

For fiscal year 2008 the District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

For fiscal year 2008, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. 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 *Forms and Publications*.

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 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended 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 to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$243,912, \$249,181 and \$223,610, respectively; 45.16 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

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 VALLEY LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - 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 2008, 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, 2008, 2007 and 2006 were \$1,167,842, \$1,064,634 and \$1,024,005, respectively; 83.18 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$22,818 made by the District and \$46,562 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, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the 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.

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 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$150,892, \$132,564 and \$112,400, respectively; 45.16 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$17,574, \$16,944 and \$17,797, respectively; 45.16 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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 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 2008, 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, 2008, 2007, and 2006 were \$89,834, \$84,174 and \$80,227, respectively; 83.18 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 13 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Health Care Benefits

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

NOTE 14 - LONG-TERM OBLIGATIONS

A. Changes in the District's long-term obligations during fiscal year 2008 were as follows:

	Balance Outstanding <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>June 30, 2008</u>	Amount Due in <u>One Year</u>
<u>General Obligation Bonds:</u>					
School Building Bonds FY 1996 Term Bonds 5-6.85%	\$ 5,535,000	\$ -	\$ (480,000)	\$ 5,055,000	\$ 510,000
Refunding School Building Bonds FY 2005 Serial Bonds 2-4%	4,265,008	-	(55,000)	4,210,008	55,000
Refunding School Building Bonds Capital appreciation bonds 14.24%	204,992	-	-	204,992	-
Refunding School Building Bonds Accreted interest capital appreciation bonds	<u>91,503</u>	<u>39,733</u>	<u>-</u>	<u>131,236</u>	<u>-</u>
Total, general obligation bonds	<u>10,096,503</u>	<u>39,733</u>	<u>(535,000)</u>	<u>9,601,236</u>	<u>565,000</u>
<u>Other Long-term Obligations:</u>					
Paving project loan FY2005 3.65%	173,000	-	(60,000)	113,000	63,000
Capital lease obligations	201,869	18,934	(49,431)	171,372	55,327
Compensated absences	<u>1,592,123</u>	<u>245,310</u>	<u>(164,077)</u>	<u>1,673,356</u>	<u>285,014</u>
Total, other long-term obligations	<u>1,966,992</u>	<u>264,244</u>	<u>(273,508)</u>	<u>1,957,728</u>	<u>403,341</u>
Total, all governmental activities long-term liabilities	<u>\$ 12,063,495</u>	<u>\$ 303,977</u>	<u>\$ (808,508)</u>	<u>11,558,964</u>	<u>\$ 968,341</u>
Add: unamortized premium				373,130	
Less: Deferred charges on refunding				<u>(283,993)</u>	
Total on statement of net assets				<u>\$ 11,648,101</u>	

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences: Compensated absences will be paid from the general fund and the food services fund (a nonmajor governmental fund).

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

- B.** FY 1996 School Building Bonds - On December 1, 1995, the District issued \$14,000,000 in voted general obligation bonds for improving and constructing school buildings and facilities. The bonds were issued for a twenty-five year period, with final maturity in fiscal year 2016. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The interest rates on the bonds range from 5.00% to 6.85%. The bonds are being retired through the bond retirement fund (a nonmajor governmental fund).
- C.** FY 2005 Refunding School Building Bonds - On October 1, 2004, the District issued bonds, in the amount of \$4,650,000, to partially refund bonds previously issued in fiscal year 1996, in the amount of \$4,650,000, for improving and constructing school buildings and facilities. The refunding bond issue included serial and capital appreciation bonds, in the amount of \$4,445,008 and \$204,992, respectively. The bonds were issued for a sixteen year period, with final maturity during fiscal year 2021. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The bonds are being retired through the bond retirement fund (a nonmajor governmental fund).

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

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2015 through 2017. The accreted value at maturity for the capital appreciation bonds is \$1,050,000. Total accreted interest of \$131,236 has been included on the statement of net assets.

- D.** FY 2005 Paving Project Loan - On August 5, 2004, the District obtained a loan, in the amount of \$290,000 to pave a parking lot at the high school. The loan has an interest rate of 3.65 percent. The loan will be paid over a five year period, with final maturity in fiscal year 2010. The loan is being retired from the Permanent Improvement capital projects fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

- E. Principal and interest requirements to retire general long-term obligations outstanding at June 30, 2008, were as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - Series 2005			Capital Appreciation Bonds - Series 2005		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 55,000	\$ 164,046	\$ 219,046	\$ -	\$ -	\$ -
2010	60,000	162,390	222,390	-	-	-
2011	60,000	160,515	220,515	-	-	-
2012	60,000	158,490	218,490	-	-	-
2013	65,000	156,303	221,303	-	-	-
2014 - 2018	975,000	747,842	1,722,842	204,992	845,008	1,050,000
2019 - 2021	<u>2,935,008</u>	<u>178,500</u>	<u>3,113,508</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,210,008</u>	<u>\$ 1,728,086</u>	<u>\$ 5,938,094</u>	<u>\$ 204,992</u>	<u>\$ 845,008</u>	<u>\$ 1,050,000</u>

Fiscal Year Ending June 30,	Paving Project Loan			School Building Bonds - Series 1996		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 63,000	\$ 4,280	\$ 67,280	\$ 510,000	\$ 328,800	\$ 838,800
2010	50,000	2,124	52,124	545,000	292,666	837,666
2011	-	-	-	560,000	254,820	814,820
2012	-	-	-	605,000	214,919	819,919
2013	-	-	-	640,000	172,278	812,278
2014 - 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,195,000</u>	<u>232,385</u>	<u>2,427,385</u>
Total	<u>\$ 113,000</u>	<u>\$ 6,404</u>	<u>\$ 119,404</u>	<u>\$ 5,055,000</u>	<u>\$ 1,495,868</u>	<u>\$ 6,550,868</u>

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$33,526,583 (including available funds of \$529,407) and an unvoted debt margin of \$471,858.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for copier equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The new capital lease is reflected in the accounts "capital outlay" and "capital lease transactions" in the fund which will be making the lease payment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in fiscal year 2008 were \$49,431 and were paid from the general fund.

	<u>Governmental Activities</u>
Equipment under capital lease	\$ 281,093
Less: accumulated depreciation	<u>(121,180)</u>
Total June 30, 2008	<u>\$ 159,913</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 72,418
2010	72,418
2011	38,337
2012	18,514
2013	<u>766</u>
Total minimum lease payments	<u>202,453</u>
Less: amount representing interest	<u>(31,081)</u>
Total	<u>\$ 171,372</u>

NOTE 16 - DONOR RESTRICTED ENDOWMENTS

The District's private purpose trust funds include donor restricted endowments. Endowments, in the amount of \$25,000, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the District is \$28,047 and is included as held in trust for scholarships. State law permits the District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used to provide scholarships each year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis); and
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance	<u>General Fund</u>
Budget basis	\$ (51,760)
Net adjustment for revenue accruals	237,387
Net adjustment for expenditure accruals	(171,714)
Net adjustment for other financing sources/(uses)	(8,100)
Adjustment for encumbrances	<u>362,969</u>
GAAP basis	<u>\$ 368,782</u>

NOTE 18 - SET ASIDES

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 18 - SET ASIDES - (Continued)

The following cash basis information identifies the changes in the fund balance reserves for textbooks/instructional materials and capital improvements during fiscal year 2008.

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Improvements</u>
Set-aside balance as of June 30, 2007	\$ (431,401)	\$ -
Current year set-aside requirement	340,339	340,339
Current year off-set credits	-	(628,111)
Qualifying disbursements	<u>(369,769)</u>	<u>-</u>
Total	<u>\$ (460,831)</u>	<u>\$ (287,772)</u>
Balance carried forward to FY 2009	<u>\$ (431,401)</u>	<u>\$ -</u>

The District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years; however, the negative amount may not be carried forward for the capital improvements set-aside.

NOTE 19 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

B. Litigation

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

SUPPLEMENTARY DATA

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
(C) Food Donation	10.550	2008	\$ 31,759	\$ 31,759
Total Food Donation			<u>31,759</u>	<u>31,759</u>
Nutrition Cluster:				
(D) (E) School Breakfast Program	10.553	2007	2,412	2,412
(D) (E) School Breakfast Program	10.553	2008	22,162	22,162
Total School Breakfast Program			<u>24,574</u>	<u>24,574</u>
(D) (E) National School Lunch Program	10.555	2007	19,347	19,347
(D) (E) National School Lunch Program	10.555	2008	130,953	130,953
Total National School Lunch Program			<u>150,300</u>	<u>150,300</u>
(D) (E) Special Milk Program for Children	10.556	2007	422	422
(D) (E) Special Milk Program for Children	10.556	2008	3,864	3,864
Total Special Milk Program for Children			<u>4,286</u>	<u>4,286</u>
Total Nutrition Cluster			<u>179,160</u>	<u>179,160</u>
Total U.S. Department of Agriculture			<u>210,919</u>	<u>210,919</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
(G) Title I Grants to Local Educational Agencies	84.010	2007	39,171	30,206
(G) Title I Grants to Local Educational Agencies	84.010	2008	224,365	240,468
Total Title I Grants to Local Educational Agencies			<u>263,536</u>	<u>270,674</u>
Special Education Cluster:				
(F) Special Education_Grants to States	84.027	2007	-	7,204
(F) Special Education_Grants to States	84.027	2008	538,693	538,693
Total Special Education_Grants to States			<u>538,693</u>	<u>545,897</u>
(F) Special Education_Preschool Grants	84.173	2008	5,406	5,406
Total Special Education_Preschool Grants			<u>5,406</u>	<u>5,406</u>
Total Special Education Cluster			<u>544,099</u>	<u>551,303</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2008	6,712	6,712
Total Safe and Drug-Free Schools and Communities_State Grants			<u>6,712</u>	<u>6,712</u>
State Grants for Innovative Programs	84.298	2008	3,111	5,014
Total State Grants for Innovative Programs			<u>3,111</u>	<u>5,014</u>
Education Technology State Grants	84.318	2008	2,442	2,452
Total Education Technology State Grants			<u>2,442</u>	<u>2,452</u>
Improving Teacher Quality State Grants	84.367	2008	39,293	34,711
Total Improving Teacher Quality State Grants			<u>39,293</u>	<u>34,711</u>
Total U.S. Department of Education			<u>859,193</u>	<u>870,866</u>

-Continued

**BUCKEYE VALLEY LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES				
Temporary Assistance for Needy Families	93.558	N/A	\$ 12,000	\$ 12,000
Total Temporary Assistance for Needy Families			<u>12,000</u>	<u>12,000</u>
Total U.S. Department of Health and Human Services			<u>12,000</u>	<u>12,000</u>
Total Federal Financial Assistance			<u>\$ 1,082,112</u>	<u>\$ 1,093,785</u>

- (A) OAKS did not assign pass-through numbers for fiscal year 2008.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2008, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2007	\$ 9,718	
Title I Grants to Local Educational Agencies	84.010	2008		\$ 9,718
Total			<u>\$ 9,718</u>	<u>\$ 9,718</u>



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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Education
Buckeye Valley Local School District
679 Coover Road
Delaware, OH 43015

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Buckeye Valley Local School District, Delaware County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise Buckeye Valley Local School District's basic financial statements and have issued our report thereon dated December 16, 2008. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buckeye Valley Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buckeye Valley Local School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Buckeye Valley Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Buckeye Valley Local School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Buckeye Valley Local School District's financial statements that is more than inconsequential will not be prevented or detected by Buckeye Valley Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Buckeye Valley Local School District's internal control.

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

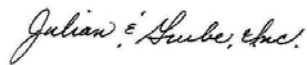
Board of Education
Buckeye Valley Local School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buckeye Valley Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to the management of Buckeye Valley Local School District in a separate letter dated December 16, 2008.

This report is intended solely for the information and use of the management and Board of Education of Buckeye Valley Local School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
December 16, 2008



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**Report on Compliance With Requirements Applicable to Its
Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Board of Education
Buckeye Valley Local School District
679 Coover Road
Delaware, OH 43015

Compliance

We have audited the compliance of Buckeye Valley Local School District, Delaware County, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2008. Buckeye Valley Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Buckeye Valley Local School District's management. Our responsibility is to express an opinion on Buckeye Valley Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buckeye Valley Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buckeye Valley Local School District's compliance with those requirements.

In our opinion, Buckeye Valley Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2008.

Internal Control Over Compliance

The management of Buckeye Valley Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Buckeye Valley Local School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Buckeye Valley Local School District's internal control over compliance.

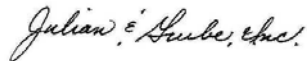
Board of Education
Buckeye Valley Local School District

A control deficiency in Buckeye Valley Local School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Buckeye Valley Local School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Buckeye Valley Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Buckeye Valley Local School District's internal control.

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 that might be 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.

This report is intended for the information and use of management and Board of Education of Buckeye Valley Local School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
December 16, 2008

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Special Education Cluster: Special Education Grants to States - CFDA #84.027 and Special Education Preschool Grants - CFDA #84.173
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

BUCKEYE VALLEY LOCAL SCHOOL DISTRICT

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2009**