UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Upper Valley Joint Vocational School District
Miami County
8811 Career Drive
Piqua, Ohio 45356

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Upper Valley Joint Vocational School District, Miami County, (the"District"), as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Upper Valley Joint Vocational School District, Miami County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards,* we have also issued a report dated December 3, 1999, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District taken as a whole. The accompanying schedule of federal awards expenditures 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

JIM PETRO
Auditor of State

December 3, 1999

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COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
Assets and Other Debits			
Assets:			
Equity in Pooled Cash and Cash Equivalents	$3,658,484	$280,951	$807,847
Cash and Cash Equivalents:			
In Segregated Accounts	63	0	0
Receivables:			
Property and Other Taxes	6,401,423	0	0
Accounts	12,391	39,716	0
Intergovernmental	2,118	67,322	0
Interfund	130,000	0	0
Due From Other Funds	389	3,011	0
Prepaid Items	36,628	0	0
Inventory of Supplies and Materials	960	0	0
Inventory Held for Resale	0	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	143,011	$0	$0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
Assets Held for Resale	154,336	0	0
Other Debits:			
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0
Total Assets and Other Debits	$10,539,803	$391,000	$807,847
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts Payable	$160,074	$19,997	$9,500
Accrued Wages and Benefits Payable	642,024	69,431	0
Compensated Absences Payable	42,733	0	0
Interfund Payable	0	130,000	0
Due To Other Funds	828	3,907	0
Intergovernmental Payable	105,788	13,807	0
Deferred Revenue	6,192,146	0	0
Due to Students	0	0	0
Claims Payable	0	0	0
Applied Technology Loan Payable	0	0	0
Energy Conservation Loan Payable	0	0	0
Total Liabilities	7,143,593	237,142	9,500
Fund Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	462,584	58,254	21,220
Reserved for Inventory	960	0	0
Reserved for Property Taxes	210,822	0	0
Reserved for Unclaimed Monies	1,363	0	0
Reserved for Textbooks & Instructional Materials	1,306	0	0
Reserved for Budget Stabilization	141,705	0	0
Unreserved, Undesignated	2,577,470	95,604	777,127
Total Fund Equity and Other Credits	3,396,210	153,858	798,347
Total Liabilities, Fund Equity and Other Credits	$10,539,803	$391,000	$807,847

See Accompanying Notes to the General Purpose Financial Statements

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
$99,793	$658,722	$56,407	$0	$0	$5,562,204
0	0	0	0	0	63
0	0	0	0	0	6,401,423
7,175	3,079	1,468	0	0	63,829
3,997	0	505	0	0	73,942
0	0	0	0	0	130,000
248	1,087	0	0	0	4,735
0	2,095	0	0	0	38,723
574	0	0	0	0	1,534
21,295	73,736	0	0	0	95,031
$0	$0	$0	$0	$0	143,011
5,941	0	0	12,324,606	0	12,330,547
0	0	0	0	0	154,336
0	0	0	0	1,078,888	1,078,888
$139,023	$738,719	$58,380	$12,324,606	$1,078,888	$26,078,266
$1,658	$1,283	$100	$0	$0	$192,612
2,734	0	0	0	0	714,189
7,035	551	0	0	612,460	662,779
0	0	0	0	0	130,000
0	0	0	0	0	4,735
6,301	11	0	0	16,553	142,460
491	0	0	0	0	6,192,637
0	0	48,039	0	0	48,039
0	49,328	0	0	0	49,328
0	0	0	0	237,375	237,375
0	0	0	0	212,500	212,500
18,219	51,173	48,139	0	1,078,888	8,586,654
0	0	0	12,324,606	0	12,324,606
169,666	0	0	0	0	169,666
(48,862)	687,546	0	0	0	638,684
0	0	0	0	0	542,058
0	0	0	0	0	960
0	0	0	0	0	210,822
0	0	0	0	0	1,363
0	0	0	0	0	1,306
0	0	0	0	0	141,705
0	0	10,241	0	0	3,460,442
120,804	687,546	10,241	12,324,606	0	17,491,612
$139,023	$738,719	$58,380	$12,324,606	$1,078,888	$26,078,266

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	
	GENERAL	**SPECIAL REVENUE**	**DEBT SERVICE**	**CAPITAL PROJECTS**	**EXPENDABLE TRUST**	**TOTAL (MEMORANDUM ONLY)**
Revenues:						
Property and Other Taxes	$6,302,496	$0	$0	$0	$0	$6,302,496
Tuition and Fees	15,340	955,490	0	0	0	970,830
Interest	265,375	0	0	11,542	922	277,839
Intergovernmental	4,891,532	1,697,455	0	11,540	0	6,600,527
Rent	8,887	0	0	0	0	8,887
Gifts and Donations	0	0	0	0	1,500	1,500
Customer Services	97,700	632	0	0	0	98,332
Miscellaneous	28,011	22,488	0	0	0	50,499
Total Revenues	11,609,341	2,676,065	0	23,082	2,422	14,310,910
Expenditures:						
Current:						
Instruction:						
Regular	916,205	2,668	0	0	0	918,873
Special	312,733	8,040	0	0	0	320,773
Vocational	6,009,065	216,364	0	0	0	6,225,429
Adult/Continuing	0	1,474,584	0	0	15,146	1,489,730
Other	0	18,895	0	0	0	18,895
Support Services:						
Pupils	590,397	229,565	0	0	200	820,162
Instructional Staff	134,401	249,706	0	0	0	384,107
Board of Education	38,865	0	0	0	0	38,865
Administration	1,075,523	357,507	0	0	0	1,433,030
Fiscal	334,221	929	0	0	0	335,150
Business	116,195	647	0	0	0	116,842
Operation and Maintenance of Plant	930,438	44,594	0	0	0	975,032
Pupil Transportation	40,795	2,069	0	0	0	42,864
Central	294,547	61,994	0	0	0	356,541
Operation of Non-Instructional Services	109,500	811	0	0	0	110,311
Extracurricular Activities	22,798	0	0	0	0	22,798
Capital Outlay	101,259	0	0	35,387	0	136,646
Intergovernmental	0	10,213	0	0	0	10,213
Debt Service:						
Principal Retirement	54,798	0	31,650	0	0	86,448
Interest and Fiscal Charges	14,145	0	0	0	0	14,145
Total Expenditures	11,095,885	2,678,586	31,650	35,387	15,346	13,856,854
Excess of Revenues Over (Under) Expenditures	513,456	(2,521)	(31,650)	(12,305)	(12,924)	454,056
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	27,043	0	0	0	0	27,043
Operating Transfers In	0	43,940	31,650	750,000	0	825,590
Operating Transfers Out	(825,590)	0	0	0	0	(825,590)
Total Other Financing Sources (Uses)	(798,547)	43,940	31,650	750,000	0	27,043
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(285,091)	41,419	0	737,695	(12,924)	481,099
Fund Balances at Beginning of Year	3,681,226	112,439	0	60,652	23,165	3,877,482
Increase in Reserve for Inventory	75	0	0	0	0	75
Fund Balances at End of Year	$3,396,210	$153,858	$0	$798,347	$10,241	$4,358,656

See Accompanying Notes to the General Purpose Financial Statements

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COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Property and Other Taxes	$6,144,568	$6,299,244	$154,676	$0	$0	$0
Tuition and Fees	18,500	16,255	(2,245)	1,054,300	978,431	(75,869)
Interest	181,043	265,447	84,404	0	0	0
Intergovernmental	4,205,220	4,895,793	690,573	1,868,620	1,723,961	(144,659)
Rent	5,000	8,887	3,887	0	0	0
Gifts and Donations	0	0	0	0	0	0
Customer Services	89,950	87,141	(2,809)	632	632	0
Miscellaneous	14,100	27,542	13,442	28,200	20,811	(7,389)
Total Revenues	10,658,381	11,600,309	941,928	2,951,752	2,723,835	(227,917)
Expenditures:						
Current:						
Instruction:						
Regular	970,475	909,160	61,315	6,082	2,948	3,134
Special	341,501	306,835	34,666	9,866	9,866	0
Vocational	7,985,051	6,259,176	1,725,875	251,752	215,654	36,098
Adult/Continuing	0	0	0	1,502,818	1,491,875	10,943
Other	0	0	0	45,512	18,895	26,617
Support Services:						
Pupils	663,319	616,202	47,117	280,318	237,165	43,153
Instructional Staff	171,796	143,242	28,554	406,943	253,797	153,146
Board of Education	47,965	38,821	9,144	0	0	0
Administration	1,105,656	1,089,911	15,745	400,109	378,506	21,603
Fiscal	351,774	335,812	15,962	2,350	929	1,421
Business	117,288	116,234	1,054	1,137	690	447
Operation and Maintenance of Plant	1,069,715	985,873	83,842	59,002	43,899	15,103
Pupil Transportation	47,830	41,305	6,525	2,253	2,069	184
Central	366,819	341,614	25,205	79,583	73,140	6,443
Operation of Non-Instructional Services	346,669	204,614	142,055	990	890	100
Extracurricular Activities	27,140	23,090	4,050	0	0	0
Capital Outlay	188,313	182,413	5,900	45	0	45
Debt Service:						
Principal Retirement	52,500	52,500	0	0	0	0
Interest and Fiscal Charges	14,115	14,115	0	0	0	0
Total Expenditures	13,867,926	11,660,917	2,207,009	3,048,760	2,730,323	318,437
Excess of Revenues Over (Under) Expenditures	(3,209,545)	(60,608)	3,148,937	(97,008)	(6,488)	90,520
Other Financing Sources (Uses):						
Other Financing Uses	(139,249)	0	139,249	0	0	0
Proceeds from Sale of Fixed Assets	232,000	129,350	(102,650)	0	0	0
Refund of Prior Year Expenditures	5,000	6,429	1,429	10,678	21,054	10,376
Refund of Prior Year Receipts	(3,538)	0	3,538	(10,216)	(10,216)	0
Advances - In	240,000	242,931	2,931	0	127,000	127,000
Advances - Out	(127,000)	(127,000)	0	0	(242,931)	(242,931)
Operating Transfers In	0	0	0	60,111	43,941	(16,170)
Operating Transfers Out	(843,000)	(825,591)	17,409	(1,032)	0	1,032
Total Other Financing Sources (Uses)	(635,787)	(573,881)	61,906	59,541	(61,152)	(120,693)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,845,332)	(634,489)	3,210,843	(37,467)	(67,640)	(30,173)
Fund Balances at Beginning of Year	3,595,942	3,595,942	0	188,103	188,103	0
Prior Year Encumbrances Appropriated	249,390	249,390	0	95,294	95,294	0
Fund Balances (Deficit) at End of Year	$0	$3,210,843	$3,210,843	$245,930	$215,757	($30,173)

See Accompanying Notes to the General Purpose Financial Statements

DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS			EXPENDABLE TRUST FUND		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$0	$0	$0	$0	$0	$0	$0	$0	$0
0	0	0	0	0	0	0	0	0
0	0	0	5,500	11,542	6,042	15,300	922	(14,378)
0	0	0	61,150	11,540	(49,610)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,500	1,500	0
0	0	0	0	0	0	0	0	0
0	0	0		0	0	0	0	0
0	0	0	66,650	23,082	(43,568)	16,800	2,422	(14,378)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	39,631	15,146	24,485
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	334	200	134
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	63,911	0	63,911	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	321,072	61,527	259,545	0	0	0
31,650	31,650	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
31,650	31,650	0	384,983	61,527	323,456	39,965	15,346	24,619
(31,650)	(31,650)	0	(318,333)	(38,445)	279,888	(23,165)	(12,924)	10,241
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
31,650	31,650	0	252,761	750,000	497,239	0	0	0
0	0	0	0	0	0	0	0	0
31,650	31,650	0	252,761	750,000	497,239	0	0	0
0	0	0	(65,572)	711,555	777,127	(23,165)	(12,924)	10,241
0	0	0	54,456	54,456	0	23,165	23,165	0
0	0	0	11,116	11,116	0	0	0	0
$0	$0	$0	$0	$777,127	$777,127	$0	$10,241	$10,241

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY ALL PROPRIETARY FUND TYPES FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	PROPRIETARY FUND TYPES		
	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
Operating Revenues:			
Sales	$363,141	$0	$363,141
Charges for Services	0	685,347	685,347
Other Operating Revenues	0	23,107	23,107
Total Operating Revenues	363,141	708,454	1,071,595
Operating Expenses:			
Salaries and Wages	110,968	5,375	116,343
Fringe Benefits	30,847	1,431	32,278
Purchased Services	50	110,453	110,503
Supplies and Materials	6	424	430
Cost of Sales	256,344	89,968	346,312
Claims	0	570,177	570,177
Depreciation	3,808	0	3,808
Other Operating Expenses	156	9	165
Total Operating Expenses	402,179	777,837	1,180,016
Operating Loss	(39,038)	(69,383)	(108,421)
Non-Operating Revenues			
Interest	240	31,289	31,529
Federal and State Subsidies	13,720	0	13,720
Federal Donated Commodities	6,243	0	6,243
Total Non-Operating Revenues	20,203	31,289	51,492
Net (Loss)	(18,835)	(38,094)	(56,929)
Retained Earnings (Deficit) at Beginning of Year	(30,027)	725,640	695,613
Retained Earnings (Deficit) at End of Year	(48,862)	687,546	638,684
Contributed Capital at Beginning and End of Year	169,666	0	169,666
Fund Equity at End of Year	$120,804	$687,546	$808,350

See Accompanying Notes to the General Purpose Financial Statements

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL ALL PROPRIETARY FUND TYPES FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Sales	$389,500	$366,446	($23,054)	$0	$0	$0
Charges for Services	0	0	0	575,000	681,181	106,181
Federal and State Subsidies	18,500	13,751	(4,749)	0	0	0
Interest	0	240	240	40,000	31,289	(8,711)
Other Operating Revenues	0	0	0	15,000	23,107	8,107
Total Revenues	408,000	380,437	(27,563)	630,000	735,577	105,577
Expenses:						
Salaries and Wages	111,300	111,109	191	5,400	5,325	75
Fringe Benefits	30,515	30,327	188	1,625	1,425	200
Claims	0	0	0	1,104,697	584,996	519,701
Purchased Services	615	50	565	112,000	110,891	1,109
Supplies and Materials	376,096	265,436	110,660	128,543	103,303	25,240
Other Operating Expenses	250	156	94	25	9	16
Total Expenses	518,776	407,078	111,698	1,352,290	805,949	546,341
Excess of Revenues Over (Under) Expenses	(110,776)	(26,641)	84,135	(722,290)	(70,372)	651,918
Fund Equity at Beginning of Year	93,533	93,533	0	717,384	717,384	0
Prior Year Encumbrances Appropriated	17,243	17,243	0	4,906	4,906	0
Fund Equity at End of Year	$0	$84,135	$84,135	$0	$651,918	$651,918

See Accompanying Notes to the General Purpose Financial Statements

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	PROPRIETARY FUND TYPES		
	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	$366,446	$0	$366,446
Other Operating Cash Receipts	0	23,107	23,107
Cash Received from Quasi-External Transactions with Other Funds	0	681,181	681,181
Cash Payments for Employee Services and Benefits	(141,436)	(6,750)	(148,186)
Cash Payments to Suppliers for Goods and Services	(249,828)	(207,390)	(457,218)
Cash Payments for Employee Medical Insurance Claims	0	(584,996)	(584,996)
Other Operating Expenses	(156)	(9)	(165)
Net Cash Provided By (Used In) Operating Activities	(24,974)	(94,857)	(119,831)
Cash Flows from Noncapital Financing Activities:			
Federal and State Subsidies Received	13,751	0	13,751
Net Cash Provided By (Used In) Noncapital Financing Activities	13,751	0	13,751
Cash Flows from Investing Activities:			
Interest	240	31,289	31,529
Net Cash Provided By Investing Activities	240	31,289	31,529
Net Increase (Decrease) in Cash and Cash Equivalents	(10,983)	(63,568)	(74,551)
Cash and Cash Equivalents Beginning of Year	110,776	722,290	833,066
Cash and Cash Equivalents End of Year	$99,793	$658,722	$758,515
Reconcilation of Operating Loss to Net Cash Provided By (Used In) Operating Activities:			
Operating (Loss)	($39,038)	($69,383)	($108,421)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used In) Operating Activities:			
Depreciation	3,808	0	3,808
Donated Commodities Received	6,243	0	6,243
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	1,981	(3,079)	(1,098)
Increase in Prepaids	0	(438)	(438)
Decrease in Intergovernmental Receivable	1,199	0	1,199
(Increase) Decrease in Due From Other Funds	125	(1,087)	(962)
Decrease in Supplies Inventory	6	0	6
(Increase) Decrease in Inventory Held for Resale	1,985	(6,032)	(4,047)
Decrease in Accounts Payable	(1,509)	(75)	(1,584)
Decrease in Accrued Salaries Payable	(1,321)	0	(1,321)
Decrease in Claims Payable	0	(14,819)	(14,819)
Increase in Intergovernmental Payable	520	6	526
Decrease in Due to Other Funds	(153)	0	(153)
Increase in Compensated Absences Payable	1,180	50	1,230
Net Cash Provided By (Used In) Operating Activities	($24,974)	($94,857)	($119,831)

See Accompanying Notes to the General Purpose Financial Statements

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Upper Valley Joint Vocational School District as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes high school and adult students to academic preparation and job training which lead to employment and/or further education upon graduation from high school. Upper Valley Joint Vocational School District includes fourteen member school districts throughout all or portions of Auglaize, Darke, Logan, Miami and Shelby Counties. The first official body designated as the Upper Valley Joint Vocational School District Board of Education was formed in 1972.

The District operates under an elected eleven member Board of Education responsible for providing vocational job training to residents of the participating school districts. The District employs 282 certified teaching personnel, including 14 administrators, and 108 classified staff members who annually serve approximately 2,196 secondary students and 8,782 adult students.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For Upper Valley JVSD, this includes general operations, food service, preschool and student related activities of the District.

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; the District is legally obligated or has assumed responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District approves the budget, the levying of taxes or the issuance of debt.

The District does not have any component units.

The District is associated with four organizations, three of which are defined as jointly governed organizations, and one as a group purchasing pool. These organizations include the Western Ohio Computer Organization (WOCO), the Southwestern Ohio Educational Purchasing Council (SOEPC), the Southwestern Ohio Instructional Technology Association (SOITA), and the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting

The Upper Valley Joint Vocational School District uses funds and account groups to report on its financial position and the results of it operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Government funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund - This fund is the operating fund of the District and 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.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

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

Capital Projects Fund - This fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types:

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to those found in private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

Proprietary Fund Types: (Continued)

Internal Service Funds - These funds account for the financing of services provided by one department or agency to another department or agency of the District on a cost-reimbursement basis.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by a District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The following are the District's fiduciary fund types:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. The expendable trust funds are accounted for in essentially the same manner as governmental funds.

Agency Funds - These funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government and between term liabilities related to specific funds and those of a general nature the following accounts groups are used:

General Fixed Assets Account Group (GFAAG) - The GFAAG accounts for all fixed assets of the District except for those accounted for in proprietary funds.

General Long-Term Debt Account Group (GLTDAG) - The GLTDAG accounts for all unmatured principal on general long-term debt except that which is accounted for in proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types, and expendable trust 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. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds' operating statements present increases (i.e., revenues and decreases (i.e., expenses) in net total assets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, investment earnings, tuition, grants, and student fees.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Tax Budget

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.

By no later than January 20, the Board-adopted budget is filed with the Miami-Shelby-Darke County Joint Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the

Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources.

The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during the fiscal year 1999.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to met the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

Budgetary Basis of Accounting

While the District is reporting financial position, results of operations and changes in fund balances retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP basis) and Actual, All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP basis) and Actual, Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison and actual results with 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 are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP) basis.

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).

4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Budgetary Basis of Accounting

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenue and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
Governmental Fund Types and Expendable Trust Funds

	General Fund	Special Revenue Funds	Capital Projects Fund	Expendable Trust Funds
GAAP Basis	($285,091)	$41,419	$737,695	($12,924)
Revenue Accruals	99,705	68,825	0	0
Expenditures Accruals	8,588	(13,135)	4,580	100
Prepaid Items	17,030	0	0	0
Encumbrances	(590,652)	(48,818)	(30,720)	(100)
Advances In	242,931	127,000	0	0
Advances Out	(127,000)	(242,931)	0	0
Budget Basis	($634,489)	($67,640)	$711,555	($12,924)

Net Loss/Excess of Revenues
Under Expenses
Proprietary Fund Types

	Enterprise Funds	Internal Service Funds
GAAP Basis	($18,835)	($38,094)
Revenue Accruals	3,336	(4,166)
Expense Accruals	2,698	(27,340)
Materials and Supplies	(6)	0
Inventory Held for Resale	(1,985)	6,032
Depreciation of Expenses	3,808	0
Encumbrances	(15,657)	(6,804)
Budget Basis	($26,641)	($70,372)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the District is deposited into one of three bank accounts. All monies received for state and federal grants are deposited into the Federal Funds Account, all monies received for the Student Activity Funds are deposited into the Student Activity Account. All other monies, including proprietary funds are deposited in the General Account. Monies in the General Account are used to purchase short term investments. Individual fund integrity is maintained through District records. During fiscal year 1999, investments were limited to STAR Ohio. Investment earnings are allocated as authorized by State statute based upon District policy. The Board of Education has passed a resolution to allow interest to also be recorded in the following funds: General Fund, Permanent Improvement Capital Projects Fund, Lunchroom Fund and Employee Benefit Self-Insurance Fund. The Expendable Trust Funds also earn interest and are allocated interest earned accordingly.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, all investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

The Upper Valley Joint Vocational School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

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 1999 amounted to $265,375, which includes $26,413 assigned from other District Funds. The permanent improvement capital projects fund, the expendable trust funds, the lunchroom enterprise fund and the employee benefit self-insurance fund also received interest earnings in the amount of $11,542, $922, $240 and $31,289, respectively.

The District has segregated bank accounts for monies held separate from the District's central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the District funds.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the District for the purchase of textbooks and instructional materials and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items are recorded as an expenditure in the governmental funds types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories or proprietary funds consist of donated food, purchased food, non-food supplies, and school supplies held for resale and are expensed when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure is reported in the year in which services are consumed.

H. Assets Held For Resale

As an integral part of the instructional laboratory experience of the Construction Trades programs, houses are constructed on lots purchased by the District for the purpose of being sold at public auction upon completion. Transactions are conducted through the Districts Patronage Fund which is combined with the General Fund for the General Purpose Financial Statements.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in the governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not possess any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and fixtures in the proprietary fund types is computed using the straight-line method over an estimated useful life of 10-20 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements
- General Fund
  - State Foundation Program
  - State Property Tax Relief

Non-Reimbursable Grants
- Special Revenue Funds
  - Adult Full Service Center
  - Career Education
  - PELL Grants
  - Public School Preschool
  - Video Distance Learning
  - Education Management Information Systems
  - Title VI
  - Adult Basic Education
  - Vocational Education
  - Drug Free Schools Program
  - Venture Capital
  - Learn & Serve
  - School to Work
  - Professional Development Block Grants

Reimbursable Grants
- General Fund
  - Vocational Education Equipment
  - Telecommunications E-Rate
- Special Revenue
  - Small Business Development Center
  - Job Training Partnership Act
- Proprietary Funds
  - National School Lunch Program
  - Government Donated Commodities

Grants and entitlements amounted to approximately 46 percent of the District's operating revenue during the 1999 fiscal year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Assets/Liabilities

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". Short-term interfund loans are classified as "interfund receivables/payables".

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Districts past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables are accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term debt account group to the extent that they will not be paid with current available expendable financial resources. Long-term loans are reported as a liability of the general long-term account group until due. Payments made more than 60 days after year end are considered not to have been paid using current available financial resource.

Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved.

P. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded as their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during fiscal year 1999.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

R. Estimates

The preparation of the 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 could differ from those estimates.

NOTE 3 - REQUIRED INDIVIDUAL FUND DISCLOSURES

A. Accountability and Compliance

Fund balances/fund equity at June 30, 1999, included the following individual fund deficits:

Special Revenue Funds:	
Professional Development Grant	$ 6
Adult Full Service Center	692
Adult Basic Education	24,923
School to Work	1,545
Learn and Serve	10,023
Enterprise Fund:	
Food Service	2,186

NOTE 3 - REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)

The deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather that when accruals occur.

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.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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 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.

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation, 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 monies deposited with the institution.

State stature permits 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 State treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debenture, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies of 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 division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio); and

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,

8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligation, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short sales 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 exception 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.

At fiscal year end, the District has $415 is undeposited cash on hand which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At fiscal year-end, the carrying amount of the District's deposits was $4,977,405 and the bank balance was $5,133,560. Of the bank balance, $144,679 was covered by federal depository insurance and $4,988,881 was uncollaterized with securities held by its agent but not in the districts name. All deposits were in institutions who are members of the Federal Reserve System.

Investments: The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparts trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is evidenced by securities that exist in physical or book entry form. STAR Ohio had a carrying value and a market value of $727,458 at June 30, 1999.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	$5,705,278	$ 0
Cash on Hand	(415)	0
Investments:		
STAR Ohio	(727,458)	727,458
GASB Statement 3	$4,977,405	$727,458

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) are for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by state law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

	1998 Second Half Collections		1999 First Half Collections	
	Amount	**Percent**	**Amount**	**Percent**
Agricultural/Residential and Other Real Estate	$1,285,424,290	69.72%	$1,390,597,400	70.83%
Public Utility Personal	101,498,380	5.50%	105,887,050	5.40%
Tangible Personal Property	456,903,847	24.78%	466,713,762	23.77%
Total Assessed Value	$1,843,826,517	100%	$1,963,198,212	100%

Tax rate per $1,000 of assessed valuation:		
	4.9	Voted
	4.9	Tangible Personal Property
	2.78	Effective Ag/Residential
	3.41	Effective Other Real Property

NOTES TO THE GENERAL-PURPOSE FINANCIAL
JUNE 30, 1999
(Continued)

NOTE 6 - RECEIVABLES

Receivables at June 30, 1999 consisted of property taxes, accounts (rent, student fees and charges for services), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Tuition/Fees	$1,879
Customer Services	239
Total General Fund	2,118
Special Revenue Funds	
Adult Education Fund	
Tuition & Fees	$ 9,003
Carl D. Perkins	
Vocational Reimbursement	48,921
Adult Full Service Center	
Vocational Reimbursement	1,987
E-Rate Fund	
FCC Telecommunication Reimbursement	7,411
Total Special Revenue Funds	67,322
Enterprise Funds	
Lunchroom Fund	
State/Federal Assistance	1,520
Uniform School Supply Fund	
Tuition & Fees	2,477
Total Enterprise Funds	3,997
Agency Fund	
PELL Grant	
Federal Dept. of Education Reimbursement	505
Total Intergovernmental Receivable	$73,942

NOTE 7 - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance 6-30-98	Additions	Deletions	Balance 6-30-99
Land/Improvements	$ 623,241	$ -0-	$ -0-	$ 623,241
Buildings	5,343,720	85,207	-0-	5,428,927
Furniture/Equipment	5,197,311	979,404	164,697	6,012,018
Vehicles	223,980	36,440	-0-	260,420
Totals	$ 11,388,252	$ 1,101,051	$ 164,697	$ 12,324,606

NOTE 7 - FIXED ASSETS (Continued)

A summary of the enterprise funds' fixed assets at June 30, 1999 follows:

Furniture and Fixtures	$ 159,902
Accumulated Depreciation	(153,961)
Net Carrying Value	$ 5,941

NOTE 8 - 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 1999 the District contracted with Nationwide Insurance Company for property and fleet insurance, liability insurance, and inland marine coverage.

Coverages provided by Nationwide Insurance are as follows:

Building & Contents-replacement cost ($1,000 deductible)	$23,244,400
Inland Marine Coverage ($1,000 deductible)	93,958
Boiler & Machinery ($1,000 deductible)	20,100,200
Crime Insurance	65,000
Automobile Liability ($500 deductible)	2,000,000
Uninsured Motorists ($0 deductible)	2,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

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

The District provides life insurance and accidental death and dismemberment insurance to most employees through Community National Assurance Company. Dental insurance is provided by the District to most employees through Educational Purchasing Cooperative Benefit Trust. The District has elected to provide employee medical/surgical benefits through a self-insurance internal service fund. The employees share the cost of the monthly premium with the board. The premium varies with each employee depending on the type of coverage they select. Premiums are paid into a self-insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. CoreSource is the District's third party administrator who informs the District of claim payments needed. The claims liability of $49,328 reported in the internal service fund at June 30, 1999 is based on an estimate provided by CoreSource and the requirements of GASB Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims	Claims Payments	Balance at Fiscal Year End
1998	$15,723	$392,647	$344,223	$64,147
1999	64,147	570,177	584,996	49,328

NOTE 8 - RISK MANAGEMENT (Continued)

Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions.

For fiscal year 1999, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, (GRP) an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The District applies for participation each year. CoreSource of Columbus provides administrative, cost control, and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 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 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were $279,671, $253,262 and $241,851, respectively; 47.5 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. $23,612 representing the unpaid contributions for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contributions rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were $1,644,898, $1,559,424, and $1,415,079, respectively; 94 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. $98,575 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, 5 of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1999, the board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the District, this amount equaled $245,252 fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was $2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were $219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at $12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled 70,545. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level of the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care for fiscal year ended June 30, 1998 (the latest information available), were $111,900,575 and the target level was $139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of $160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from the Board of Education's Administrative Regulations and State laws. Full-time classified employees for annual terms on regular contracts will be granted two weeks paid vacation. They are granted one additional day of paid vacation for every full year of service to the Upper Valley Joint Vocational School District after completion of five years not to exceed five extra days. After twenty years of service, the employee will have twenty days of paid vacation. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and Administrators do not earn vacation time, with the exception of the Superintendent and Treasurer.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation to a maximum of 49 days.

B. Health Care Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through Community National Assurance Company. Medical/surgical benefits are provided to most employees through CoreSource. Dental benefits are provided to most employees through the Educational Purchasing Council.

NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for equipment and furniture and fixtures. 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. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of $17,339. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled $2,298 in the governmental funds. All capital leases were paid off as of June 30, 1999.

NOTE 13 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the District during fiscal year 1999, were as follows:

	Amount Outstanding 6/30/98	Additions	Deductions	Amount Outstanding 6/30/99
Energy Conservation Loan	$ 25,000	$ 0	$12,500	$ 12,500
Roof Rplmt/Lghtg Retro Loan	240,000	0	40,000	200,000
Applied Technology Loan	269,025	0	31,650	237,375
Total Unvoted Long Term Loans	$ 534,025	$ 0	$84,150	$ 449,875
Other Long-Term Obligations:				
Capital Leases	2,298	0	2,298	0
Compensated Absences	613,518	0	1,058	612,460
Intergovernmental Payable	15,030	16,553	15,030	16,553
Total General Long-Term Obligations	$1,164,871	$16,553	$102,536	$1,078,888

The Applied Technology Loan will be paid from the debt service fund via transfers from the general fund. The Energy Conservation Loan and Roof Replacement/Lighting Retro Loans will be paid from the general fund. Compensated absences and intergovernmental payable will be paid from the fund from which the employees' salaries are paid.

The Applied Technology Loan is an interest free loan acquired from the State Board of Education July 31, 1991 as authorized under H.B. 808. The final payment on the loan is scheduled September 30, 2006. The Energy Conservation Loan was authorized under H.B. 264, maturing annually through December 15, 1999. The Roof Replacement /Lighting Retrofit Energy Conservation Loan was authorized under H.B. 264 on July 21, 1994 and consists of ten $40,000 notes at an annual rate of 5.35% with one note maturing annually through December 15, 2003.

The District's overall legal debt margin was $175,475,339, the energy conservation debt margin was $17,431,409 and the unvoted debt margin was $1,963,198 at June 30, 1999.

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 1999 are as follows:

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	$84,150	$11,338	$95,488
2001	71,650	8,560	80,210
2002	71,650	6,420	78,070
2003	71,650	4,280	75,930
2004	71,650	2,140	73,790
2005 - 2007	79,125	0	79,125
Totals	$449,875	$32,738	$482,613

NOTE 14 - INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

Due To/Due From Other Funds

	Receivables	Payables
General Fund	$ 389	$ 828
Enterprise Funds:		
Food Service	163	0
Uniform School Supplies	85	0
Special Revenue Funds:		
Adult Education	3,011	433
Career Education	0	389
Adult Basic	0	38
Carl D. Perkins	0	3,011
Substance Abuse	0	36
Internal Service Funds:		
Warehouse	1,087	0
	$4,735	$4,735

Interfund Receivable/Payable

	Receivables	Payables
General	$130,000	$ 0
Special Revenue Funds:		
Adult Full Service Center	0	6,000
Career Education	0	19,000
Adult Basic Education	0	20,000
School to Work	0	5,000
Carl D. Perkins	0	60,000
Learn and Serve Ohio	0	20,000
	$130,000	$130,000

NOTE 15 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the preceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received $4,444,544 of school foundation support for its general fund.

NOTE 15 - STATE SCHOOL FUNDING DECISION (Continued)

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the District had received a total of $6,847,433 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas court declared unconstitutional.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under these programs and on its financial operations.

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two Enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the Enterprise Funds of the Upper Valley Joint Vocational School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Total
Operating Revenues	$184,598	$178,543	$363,141
Depreciation Expense	3,808	0	3,808
Operating Income (Loss)	(41,281)	2,243	(39,038)
Donated Commodities	6,243	0	6,243
Interest	240	0	240
Federal and State Subsidies	13,720	0	13,720
Net Income (Loss)	(21,078)	2,243	(18,835)
Net Working Capital	19,261	124,538	143,799
Total Assets	$12,794	$126,229	$139,023
Long -Term Liabilities Payable from Revenue	11,134	1,548	12,682
Total Equity	(2,186)	122,990	120,804
Encumbrances Outstanding at June 30, 1999	622	15,035	15,657

NOTE 17 - CONTINGENCIES

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The Montgomery County Educational Service Center acts as the Fiscal Agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 1999, the Upper Valley Joint Vocational School District paid $25,553 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties shall elect two representatives per area. All others shall elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after the remaining committee nominates individuals to run. One at-large non-public representative shall be elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher educational representative shall be elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

During fiscal year 1999, the District paid $6,719 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Western Ohio Computer Organization - The District is a participant in the Western Ohio Computer Organization (WOCO) which is a computer consortium. WOCO is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The District paid WOCO $11,184 for services provided during the year. Financial information can be obtained from Louis Ivey, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

NOTE 19 - INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The District participates in The South Western Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), as a insurance purchasing pool.

The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairman, the Vice Chairman, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP services as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 20 - SET ASIDE CALCULATIONS AND FUND RESERVES

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 year-end and carried forward to be used for the same purposes in future years. The District is also required to set aside money for budget stabilization.

NOTE 20 - SET ASIDE CALCULATIONS AND FUND RESERVES

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

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	$0	$0	$43,579	$43,579
Current Year Set-aside Requirement	191,300	191,300	98,126	480,726
Current Year Offsets	0	(750,000)	0	(750,000)
Qualifying Disbursements	(189,994)	(121,669)	0	(311,663)
Total	$1,306)	($680,369)	$141,705	($537,358)
Cash Balance Carried Forward to FY 2000	$1,306	$0	$141,705	$143,011
Total Restricted Assets				$143,011

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amount for capital acquisitions to below zero, the extra amount may not be used to reduce the set-aside requirement of future years. The negative amount for capital acquisitions is therefore not presented as being carried forward to the next fiscal year.

NOTE 21 - YEAR 2000 COMPLIANCE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other equipment necessary to conducting the District operations. The District uses Ohio Education Computer Network (OCEN) State Software for their budgetary, payroll, fixed asset inventory and education management information system (EMIS). These services are provided by the Western Ohio Computer Organization (WOCO) - See Note 18). The State is responsible for remediating these systems and any associated costs. No costs will be imposed to the District as a result of the program modifications.

Miami, Shelby, Darke, Auglaize and Logan Counties collect property taxes for distribution to the Upper Valley Joint Vocational School District. The aforementioned counties are responsible for remediating the tax collection system and are solely responsible for any costs associated with the tax collection system project.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and nonfinancial information about the District through the State's Education Management and Information System (EMIS). The State is responsible for remediating these systems and is solely responsible for any costs associated with the Foundation processing and EMIS systems.

The District has power systems which have extensive efficiency utilization measures within the systems. The District is currently assessing if any changes are needed in the power systems. The systems may have to be remediated, tested and validated.

NOTE 21 - YEAR 2000 COMPLIANCE

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR YEAR ENDED JUNE 30, 1999

Federal Grantor / Pass Through Grantor Program Title	Pass Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
Passed through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	$0	$6,411	$0	$6,731
National School Lunch Program	03-04-PU-98-99	10.555	13,213	0	13,213	0
Total U.S. Department of Agriculture - Nutrition Cluster			13,213	6,411	13,213	6,731
U.S. DEPARTMENT OF EDUCATION						
Passed through Ohio Department of Education:						
Adult Education & Community Education	AB-S1-98	84.002	57,832	0	73,072	0
	AB-S1-98 C		2,303	0	2,303	0
	AB-S1-99		75,870	0	75,870	0
			0	0	1,245	0
Total Adult Education & Community Education			136,005	0	152,490	0
Vocational Education- Basic Grants	20-A4-97	84.048	0	0	177	0
	20-A4-98		10,291	0	24,181	0
	20-A4-99		35,855	0	41,895	0
	20-C1-98		157,116	0	190,350	0
	20-C1-99		85,055	0	91,067	0
	20-C2-98		10,710	0	11,410	0
	20-C2-99		70,656	0	68,107	0
Total Vocational Education- Basic Grants			369,683	0	427,187	0
Drug Free Schools and Communities	DR-S1-98	84.186	54,018	0	80,879	0
	DR-S1-99		76,141	0	76,141	0
Total Drug Free Schools and Communities			130,159	0	157,020	0
Technical Preparation	3E-OO-99	84.243	346	0	346	0
GOALS 2000	G2-S3-99	84.276	82,000	0	7,646	0
Innovative Education Program Strategy	C2-S1-98	84.298	0	0	224	0
	C2-S1-99		3,998		3,845	0
			3,998	0	4,069	0
Learn and Serve America	SV-SP-97	94.004	33,858	0	81,248	0
	SV-SP-97		0	0	1,545	0
	SV-SP-98		0	0	2,445	0
	SV-SP-98		24,170	0	34,193	0
Total Learn and Serve America			58,028	0	119,431	0
(Direct Payments from U.S. Department of Education)						
Pell Education Grant	1310819594A1	84.063	116,585	0	116,585	0
Tellecommunications E-Rate Grant	N/A	84.XXX	0	8,928	0	0
Total U.S. Department of Education			896,804	8,928	984,774	0
U.S. DEPARTMENT OF LABOR						
(Passed through Ohio Department of Education)						
School to Work	WK-BE-96	17.249	35,424	0	35,424	0
(Passed through Springfield-Clark Joint Vocational School)						
School to Work	STW1997	17.249	8,804	0	8,804	0
Total U.S. Department of Labor			44,228	0	44,228	0
Total Federal Assistance			$954,245	$15,339	$1,042,215	$6,731

The accompanying notes to this schedule are an integral part of this schedule.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 1999

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B--FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

NOTE C–TELECOMMUNICATIONS GRANT

The District received $8,928 in federal assistance from the Federal Communications Commission in the form of a credit on their be behalf to Ameritech their telecommunication provider, which is to be applied to future invoices. Expenditures will be applied against the credit as it is applied against current telecommunications bills from Ameritech.

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Upper Valley Joint Vocational School District
Miami County
8811 Career Drive
Piqua, Ohio 45356

To the Board of Education:

We have audited the financial statements of Upper Valley Joint Vocational School District, Miami County (the "District"), as of and for the year ended June 30, 1999, and have issued our report thereon dated December 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-10355-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 3, 1999.

This report is intended for the information and use of the audit committee, management, Board of Education, 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.

Jim Petro
Auditor of State

December 3, 1999

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

Upper Valley Joint Vocational School District
Miami County
8811 Career Drive
Piqua, Ohio 45356

To the Board of Education:

Compliance

We have audited the compliance of Upper Valley Joint Vocational School District, Miami County, (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal programs are 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 each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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 the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of the 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 the District's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Jim Petro
Auditor of State

December 3, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weakness conditions reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other reportable internal control weakness conditions reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under §.510?**	No
(d)(1)(vii)	**Major Programs (list):**	Vocational Education - Basic Grants- CFDA #84.048 Safe and Drug Free Schools and Communities - CFDA #84.186
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999
(Continued)

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

Finding Number	**1999-10355-001**

Reportable Condition

Accounts Payable

Upper Valley Joint Vocational School District prepares its general purpose financial statements in accordance with the modified accrual basis of accounting for governmental, expendable trust, and agency funds. Under this basis, all goods or services received prior to June 30, 1999, which were paid after this date should be recorded as a liability for accounts payable as of June 30, 1999. The payments examined subsequent to year end during accounts payable testing determined that the accounts payable reported on the financial statements was understated by $106,502. An adjustment of this amount was made by the District to properly report the accounts payable liability on the financial statements as of June 30, 1999.

The significant error identified in the reported accounts payable liability was caused by the District's failure to properly use the software program for recording payable items. The accounts payable report generated by the state software program excluded many payable items due to the recording of the incorrect invoice date after June 30, 1999, for goods/services received prior to year end. The failure to utilize the program correctly resulted a misstatement of the District's liabilities as of June 30, 1999. The District should review and update the procedures for preparing accounts payable data on the financial system and the Treasurer should review the recorded payable amounts to ensure accuracy of the financial statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 20, 2000