



Dave Yost • Auditor of State

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Valley Joint Vocational School District, Miami County, (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Valley Joint Vocational School District, Miami County, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Dave Yost
Auditor of State

March 28, 2011

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

The discussion and analysis of Upper Valley Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- The School District entered into a School Facilities project with the Ohio Department of Education in fiscal year 2010.
- The School District entered into a School Facilities Bond due to the School Facilities project. Only the beginning stages of the project were started in fiscal year 2010.
- Expenditures decreased due to reduction of staff in fiscal year 2010.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

In the Statement of Net Assets and the Statement of Activities all of the School District's programs and services are reported as governmental activities including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District also has an Internal Service Fund that is accounted for as governmental activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Adult Education Special Revenue Fund, and the Classroom Facilities Capital Projects Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities. The Internal Service Fund is used to report activities that provide services to the School District's other funds and departments.

Fiduciary Funds

The School District has four private purpose trust funds and one agency fund. All of the School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for fiscal year 2010 compared to fiscal year 2009:

**Table 1
Net Assets**

	2010	2009	Change
Assets:			
Current Assets	\$39,251,037	\$15,433,477	\$23,817,560
Capital Assets, Net	14,039,627	13,748,068	291,559
Total Assets	<u>53,290,664</u>	<u>29,181,545</u>	<u>24,109,119</u>
Liabilities:			
Other Liabilities	7,741,560	7,876,751	(135,191)
Long-Term Liabilities	8,798,147	1,398,063	7,400,084
Total Liabilities	<u>16,539,707</u>	<u>9,274,814</u>	<u>7,264,893</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	13,681,301	13,078,068	603,233
Restricted	20,137,152	2,327,625	17,809,527
Unrestricted	2,932,504	4,501,038	(1,568,534)
Total Net Assets	<u>\$36,750,957</u>	<u>\$19,906,731</u>	<u>\$16,844,226</u>

The large increase to current assets was attributed to intergovernmental receivable. The School District entered into a Ohio School Facilities construction project with the Ohio Department of Education and the entire grant award. The project was just started in fiscal year 2010 so the School District had a small amount of expenditures.

Long-term liabilities had a dramatic increase due to the issuance of School Facilities Bonds.

Invested in capital assets, net of related debt represents the amount of capital assets less debt outstanding at June 30, 2010. The increase was caused by additions exceeding depreciation expense. Also, unspent proceeds of the School Facilities Bond was included as part of restricted net assets instead of invested in capital assets, net of related debt. Restricted net assets also increased from the Ohio School Facilities grant as well. The Ohio School Facilities project had minimal expenditures to offset the revenues received.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Table 2 shows the changes in net assets for fiscal year 2010 compared to fiscal year 2009.

**Table 2
Changes in Net Assets**

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,080,310	\$ 1,778,015	\$ 302,295
Operating Grants, Contributions and Interest	4,771,239	4,892,894	(121,655)
Total Program Revenues	<u>6,851,549</u>	<u>6,670,909</u>	<u>180,640</u>
General Revenues:			
Property Taxes	6,302,020	6,510,986	(208,966)
Grants and Entitlements	25,899,174	8,485,457	17,413,717
Investment Earnings	55,828	289,095	(233,267)
Gifts and Donations	38,703	54,941	(16,238)
Miscellaneous	25,414	51,486	(26,072)
Total General Revenues	<u>32,321,139</u>	<u>15,391,965</u>	<u>16,929,174</u>
Total Revenues	<u>39,172,688</u>	<u>22,062,874</u>	<u>17,109,814</u>
Program Expenses:			
Instruction:			
Regular	2,031,692	2,093,801	(62,109)
Special	1,073,647	1,196,867	(123,220)
Vocational	8,791,266	9,396,757	(605,491)
Adult/Continuing	1,530,050	1,518,777	11,273
Student Intervention Services	93,125	49,918	43,207
Support Services:			
Pupils	1,195,294	1,228,067	(32,773)
Instructional Staff	253,230	221,801	31,429
Board of Education	69,159	33,115	36,044
Administration	2,584,097	2,375,391	208,706
Fiscal	590,611	612,407	(21,796)
Business	168,021	166,207	1,814
Operation and Maintenance of Plant	1,397,391	1,556,813	(159,422)
Pupil Transportation	58,927	61,434	(2,507)
Central	905,202	834,123	71,079
Operation of Non-Instructional Services	1,398,620	1,359,724	38,896
Extracurricular Activities	123,955	62,131	61,824
Interest and Fiscal Charges	64,175	43,790	20,385
Total Expenses	<u>22,328,462</u>	<u>22,811,123</u>	<u>(\$ 482,661)</u>
Change in Net Assets	16,844,226	(748,249)	
Net Assets at Beginning of Year	<u>19,906,731</u>	<u>20,654,980</u>	
Net Assets at End of Year	<u>\$36,750,957</u>	<u>\$19,906,731</u>	

Governmental Activities

Overall revenues increased \$17,109,814 from fiscal year 2009 to fiscal year 2010. The largest part of the increase was due to the grant for the Ohio School Facilities Construction project.

Overall expenses decreased \$482,661, which represents a two percent decrease from fiscal year 2009. The School District reduced staff in fiscal year 2010.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

The School District's Funds

The major funds of the School District are the General Fund, Adult Education Special Revenue Fund, and Classroom Facilities Capital Projects Fund and are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$22,992,244 and total expenditures of \$22,642,874, and the three major funds account for 88 percent of total revenues and 91 percent of total expenditures. The net change in fund balance for the fiscal year in the General Fund, Adult Education Special Revenue Fund and Classroom Facilities Capital Projects Fund were (\$1,504,313), (\$21,851) and \$6,709,068, respectively.

For the General Fund, fund balance decreased \$1,504,313, which is relatively the same as the decrease in fiscal year 2009, which was \$1,134,301. Economic conditions have reduced State foundation and property tax revenues over the past several years and the School District is exploring all possibilities to try and reduce this trend of declining fund balance.

The decrease in the Adult Education Special Revenue Fund was the result of a decrease in enrollment which led to a decrease in State funding.

The increase in the Classroom Facilities Capital Project Fund was the result of the issuance of debt.

General Fund Budgeting Highlights

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

The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Budgeted revenues in the General Fund during the fiscal year had minimal changes in total between the original and final budgets of \$104,338, which is less than one percent. Actual revenues were \$39,975 more than the final budget, which is also less than one percent increase.

Original and final budgeted expenditures had a variance in total of \$725,170. This was due to the staff reduction by the School District during the fiscal year. The School District budgeted \$22,502,618 for expenditures, but expended only \$19,106,140, a difference of \$3,396,478. The majority of the difference was in vocational instruction. The School District budgets extra dollars for vocational expenditures to cover any unforeseen circumstances that may arise, as well as \$3,000,000 for vocational equipment, which is purchased on the basis of need. However, actual expenditures are normally around \$750,000 annually for vocational equipment.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Capital Assets

Table 3 shows fiscal year 2010 balances compared to fiscal year 2009.

**Table 3
Capital Assets (Net of Depreciation) at June 30,**

	2010	2009
Land	\$ 1,173,459	\$ 1,173,459
Construction in Progress	449,091	
Buildings and Improvements	9,444,064	9,602,640
Furniture, Fixtures, and Equipment	2,910,863	2,904,568
Vehicles	62,150	67,401
Totals	<u>\$14,039,627</u>	<u>\$13,748,068</u>

Overall capital assets increased \$291,559 from fiscal year 2009 as additions outpaced depreciation expenses. For more information on capital assets, refer to Note 8 of the basic financial statements.

Debt Administration

At June 30, 2010, the School District had \$7,382,872 in debt outstanding in the form of a School Facilities Bond. Short term notes were paid off during the year. See Notes 13 and 14 of the notes to the basic financial statements for more detailed information.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Amy Twarek, Treasurer at Upper Valley Joint Vocational School District, 8811 Career Drive, Piqua, Ohio 45356, or e-mail at twareka@uvjvs.org.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$15,964,149
Accounts Receivable	22,691
Accrued Interest Receivable	102,381
Intergovernmental Receivable	16,290,741
Inventory of Supplies and Materials	49,442
Inventory Held for Resale	67,808
Prepaid Items	10,039
Property Taxes Receivable	6,487,608
Assets Held for Resale	161,213
Deferred Charges	94,965
Non-depreciable Capital Assets	1,622,550
Depreciable Capital Assets, Net	12,417,077
Total Assets	53,290,664
Liabilities:	
Accounts Payable	131,839
Contracts Payable	270,372
Accrued Wages and Benefits Payable	1,231,065
Matured Compensated Absences Payable	54,038
Accrued Interest Payable	13,887
Intergovernmental Payable	346,259
Deferred Revenue	5,694,100
Long Term Liabilities:	
Due Within One Year	796,610
Due In More Than One Year	8,001,537
Total Liabilities	16,539,707
Net Assets:	
Invested in Capital Assets, Net of Related Debt	13,681,301
Restricted for:	
Capital Projects	18,671,608
Debt Service	537,000
Other Purposes	291,150
Uniform School Supplies	187,336
Adult Education	73,006
Classroom Facilities Maintenance	337,500
Set-Asides	39,552
Unrestricted	2,932,504
Total Net Assets	\$36,750,957

See accompanying notes to the basic financial statements.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Interest</u>
			<u>Total Governmental Activities</u>
Governmental Activities:			
Instruction:			
Regular	\$2,031,692		(\$2,031,692)
Special	1,073,647		(484,756)
Vocational	8,791,266	\$104,878	(6,144,136)
Adult/Continuing	1,530,050	1,026,488	(22,114)
Student Intervention Services	93,125		(79,560)
Support Services:			
Pupils	1,195,294	59,160	(873,041)
Instructional Staff	253,230		(192,383)
Board of Education	69,159		(69,159)
Administration	2,584,097	255,689	(2,241,221)
Fiscal	590,611	20,971	(569,640)
Business	168,021		(168,021)
Operation and Maintenance of Plant	1,397,391	33,114	(1,337,639)
Pupil Transportation	58,927		(50,457)
Central	905,202	26,652	(865,244)
Operation of Non-Instructional Services	1,398,620	553,358	(159,720)
Extracurricular Activities	123,955		(123,955)
Interest and Fiscal Charges	64,175		(64,175)
Total Governmental Activities	<u>\$22,328,462</u>	<u>\$2,080,310</u>	<u>\$4,771,239</u>
			<u>(15,476,913)</u>
General Revenues:			
Property Taxes Levied for:			
			5,508,573
			793,447
Grants and Entitlements not Restricted to			
			25,899,174
			55,828
			38,703
			25,414
Total General Revenues			<u>32,321,139</u>
			16,844,226
			19,906,731
			<u>\$36,750,957</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General</u>	<u>Adult Education</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$4,904,065	\$179,430	\$6,979,440	\$3,799,976	\$15,862,911
Receivables:					
Property Taxes	5,554,974			932,634	6,487,608
Accounts	367	1,002		21,322	22,691
Intergovernmental		8,809	16,002,261	279,671	16,290,741
Accrued Interest	24,469		54,774	23,138	102,381
Interfund	155,681				155,681
Assets Held for Resale	161,213				161,213
Inventory of Supplies and Materials	2,243			47,199	49,442
Prepaid Items	10,039				10,039
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	40,676				40,676
Total Assets	<u>10,853,727</u>	<u>189,241</u>	<u>23,036,475</u>	<u>5,103,940</u>	<u>39,183,383</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	99,740	14,303		17,796	131,839
Contracts Payable			270,372		270,372
Accrued Wages and Benefits Payable	1,170,298	25,961		34,806	1,231,065
Intergovernmental Payable	306,335	21,328		18,363	346,026
Interfund Payable	42,638			120,681	163,319
Deferred Revenue	5,101,153	5,036	16,057,035	1,063,553	22,226,777
Matured Compensated Absences Payable	54,038				54,038
Total Liabilities	<u>6,774,202</u>	<u>66,628</u>	<u>16,327,407</u>	<u>1,255,199</u>	<u>24,423,436</u>
Fund Balances:					
Reserved for Encumbrances	1,019,733	45,530	1,310,404	73,809	2,449,476
Reserved for Property Taxes	478,290			82,695	560,985
Reserved for Textbooks and Instructional Materials	39,552				39,552
Reserved for Unclaimed Monies	1,124				1,124
Reserved for Assets Held for Resale	161,213				161,213
Unreserved:					
Unreserved, Undesignated Reported in:					
General Fund	2,379,613				2,379,613
Special Revenue Funds		77,083		438,203	515,286
Debt Service Fund				535,863	535,863
Capital Projects Funds			5,398,664	2,718,171	8,116,835
Total Fund Balances	<u>4,079,525</u>	<u>122,613</u>	<u>6,709,068</u>	<u>3,848,741</u>	<u>14,759,947</u>
Total Liabilities and Fund Balances	<u>\$10,853,727</u>	<u>\$189,241</u>	<u>\$23,036,475</u>	<u>\$5,103,940</u>	<u>\$39,183,383</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010**

Total Governmental Fund Balance	\$14,759,947
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**Amounts reported for governmental activities in the
Statement of Net Assets are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$1,173,459	
Construction in Progress	449,091	
Buildings and Improvements	12,435,946	
Furniture, Fixtures, and Equipment	7,466,006	
Vehicles	288,100	
Accumulated Depreciation	<u>(7,772,975)</u>	
Total Capital Assets		14,039,627

The Internal Service Fund is used by management to charge the costs of insurance and supplies to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	135,775
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Property Taxes Receivable	232,523
Intergovernmental Receivable	16,115,634
Accounts Receivable	82,139
Accrued Interest Receivable	<u>102,381</u>
	16,532,677

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	94,965
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Premium on Debt Issued	(97,872)
General Obligation Bonds	(7,285,000)
Accrued Interest on Notes	(13,887)
Compensated Absences Payable	<u>(1,415,275)</u>

Net assets of Governmental Activities	<u><u>\$36,750,957</u></u>
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See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General	Adult Education	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$5,512,035			\$789,676	\$6,301,711
Tuition and Fees	49,794	\$1,398,443		223,660	1,671,897
Investment Earnings	32,259		(\$31,644)	(11,660)	(11,045)
Intergovernmental	11,216,864	437,195	1,425,000	1,548,532	14,627,591
Charges for Services	108,888			227,352	336,240
Gifts and Donations	723	8,030		29,950	38,703
Rent	1,733				1,733
Miscellaneous	18,339	6,689		386	25,414
Total Revenues	<u>16,940,635</u>	<u>1,850,357</u>	<u>1,393,356</u>	<u>2,807,896</u>	<u>22,992,244</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,977,730				1,977,730
Special	1,082,928				1,082,928
Vocational	8,461,738			300,162	8,761,900
Adult/Continuing		1,373,677		140,642	1,514,319
Student Intervention Services	93,125				93,125
Support Services:					
Pupils	837,461	78,354		266,860	1,182,675
Instructional Staff	189,480			58,817	248,297
Board of Education	69,159				69,159
Administration	2,173,150	340,195		5,868	2,519,213
Fiscal	581,724			33,556	615,280
Business	165,723				165,723
Operation and Maintenance of Plant	1,254,993	44,315	4,200	15,507	1,319,015
Pupil Transportation	50,486			8,049	58,535
Central	800,949	35,667		57,037	893,653
Operation of Non-Instructional Services	257,282			1,128,791	1,386,073
Extracurricular Activities	55,073				55,073
Capital Outlay			449,091	35,104	484,195
Debt Service:					
Interest and Fiscal Charges			40,084	10,258	50,342
Intergovernmental				68,882	68,882
Issuance Costs			77,123	19,634	96,757
Total Expenditures	<u>18,051,001</u>	<u>1,872,208</u>	<u>570,498</u>	<u>2,149,167</u>	<u>22,642,874</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,110,366)</u>	<u>(21,851)</u>	<u>822,858</u>	<u>658,729</u>	<u>349,370</u>
Other Financing Sources (Uses):					
General Obligation Bonds			5,806,727	1,478,273	7,285,000
Premium on Refunding Notes Issued			79,483	20,235	99,718
Transfers - In				1,089,580	1,089,580
Transfers - Out	(393,947)			(695,633)	(1,089,580)
Total Other Financing Sources (Uses)	<u>(393,947)</u>		<u>5,886,210</u>	<u>1,892,455</u>	<u>7,384,718</u>
Net Change in Fund Balances	(1,504,313)	(21,851)	6,709,068	2,551,184	7,734,088
Fund Balances at Beginning of Year	<u>5,583,838</u>	<u>144,464</u>		<u>1,297,557</u>	<u>7,025,859</u>
Fund Balances at End of Year	<u>\$4,079,525</u>	<u>\$122,613</u>	<u>\$6,709,068</u>	<u>\$3,848,741</u>	<u>\$14,759,947</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Total Governmental Funds		\$7,734,088
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	\$798,276	
Depreciation Expense	<u>(506,717)</u>	
Excess of Capital Outlay Over Depreciation Expense		291,559
The Internal Service Fund used by management to charge the costs of insurance and supplies to individual funds is reported in the Statement of Activities.		
		(42,859)
Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" revenues and are deferred in the governmental funds.		
Property Taxes	309	
Tuition and Fees	70,440	
Investment Earnings	67,148	
Intergovernmental	<u>16,042,547</u>	
Total		16,180,444
Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.		
Proceeds of School Facilities Bonds	(7,285,000)	
Premium on Bonds	<u>(99,718)</u>	
		(7,384,718)
Governmental funds report bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the Statement of Activities		
		96,757
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The difference in the amount of interest on the Statement of Activities is the result of the following:		
Amortization of Bond Premium	1,846	
Increase in Accrued Interest	(13,887)	
Net Amortization of Bond Issuance Costs (Deferred Charges)	<u>(1,792)</u>	
		(13,833)
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in Compensated Absences		<u>(17,212)</u>
Change in Net Assets of Governmental Activities		<u><u>\$16,844,226</u></u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$5,292,715	\$5,338,186	\$5,338,186	
Tuition and Fees	38,500	48,946	53,236	\$4,290
Investment Earnings	105,000	57,000	54,274	(2,726)
Intergovernmental	11,086,245	11,174,690	11,204,047	29,357
Charges for Services	90,050	99,500	108,888	9,388
Gifts and Donations	1,500	723	723	
Rent	1,980	1,733	1,733	
Miscellaneous	18,350	17,900	17,566	(334)
Total Revenues	<u>16,634,340</u>	<u>16,738,678</u>	<u>16,778,653</u>	<u>39,975</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,153,683	2,013,281	1,972,299	40,982
Special	1,322,206	1,260,700	1,110,020	150,680
Vocational	11,441,199	11,458,780	9,008,303	2,450,477
Student Intervention Services	44,892	92,195	92,013	182
Support Services:				
Pupils	965,537	927,962	866,944	61,018
Instructional Staff	249,567	239,241	192,846	46,395
Board of Education	77,369	82,440	82,440	
Administration	2,415,498	2,305,750	2,261,204	44,546
Fiscal	660,865	630,208	586,286	43,922
Business	176,297	169,474	168,745	729
Operation and Maintenance of Plant	1,833,770	1,605,993	1,488,983	117,010
Pupil Transportation	132,432	132,876	52,302	80,574
Central	938,591	981,036	861,437	119,599
Operation of Non-Instructional Services	549,510	336,461	301,153	35,308
Extracurricular Activities	63,807	66,807	58,410	8,397
Capital Outlay	202,565	199,414	2,755	196,659
Total Expenditures	<u>23,227,788</u>	<u>22,502,618</u>	<u>19,106,140</u>	<u>3,396,478</u>
Excess of Revenues Under Expenditures	<u>(6,593,448)</u>	<u>(5,763,940)</u>	<u>(2,327,487)</u>	<u>3,436,453</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditure	10,000	23,000	23,027	27
Refund of Prior Year Receipts	(1,150)	(1,290)	(60)	1,230
Advances - In		16,675	16,675	
Advances - Out	(50,000)	(180,000)	(155,512)	24,488
Transfers - In		27,000		(27,000)
Transfers - Out	(100,000)	(395,000)	(393,947)	1,053
Total Other Financing Sources (Uses)	<u>(141,150)</u>	<u>(509,615)</u>	<u>(509,817)</u>	<u>(202)</u>
Net Change in Fund Balance	(6,734,598)	(6,273,555)	(2,837,304)	3,436,251
Fund Balance at Beginning of Year	6,066,431	6,066,431	6,066,431	
Prior Year Encumbrances Appropriated	652,276	652,276	652,276	
Fund Balance (Deficit) at End of Year	<u>(\$15,891)</u>	<u>\$445,152</u>	<u>\$3,881,403</u>	<u>\$3,436,251</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tuition and Fees	\$1,170,400	\$1,400,571	\$1,407,310	\$6,739
Intergovernmental	545,000	442,000	437,195	(4,805)
Gifts and Donations	4,000	8,000	8,030	30
Miscellaneous	6,200	6,200	6,146	(54)
Total Revenues	<u>1,725,600</u>	<u>1,856,771</u>	<u>1,858,681</u>	<u>1,910</u>
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	1,451,188	1,529,438	1,399,613	129,825
Support Services:				
Pupils	77,935	85,560	80,066	5,494
Administration	333,476	356,976	351,613	5,363
Operation and Maintenance of Plant	45,305	55,830	55,172	658
Central	26,650	35,250	35,520	(270)
Total Expenditures	<u>1,934,554</u>	<u>2,063,054</u>	<u>1,921,984</u>	<u>141,070</u>
Excess of Revenues Under Expenditures	<u>(208,954)</u>	<u>(206,283)</u>	<u>(63,303)</u>	<u>142,980</u>
Other Financing Sources:				
Refund of Prior Year Expenditure			543	543
Transfers - In	25,000	25,000		(25,000)
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>543</u>	<u>(24,457)</u>
Net Change in Fund Balance	(183,954)	(181,283)	(62,760)	118,523
Fund Balance at Beginning of Year	152,794	152,794	152,794	
Prior Year Encumbrances Appropriated	31,160	31,160	31,160	
Fund Balance at End of Year	<u>\$0</u>	<u>\$2,671</u>	<u>\$121,194</u>	<u>\$118,523</u>

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUND
JUNE 30, 2010

Assets:	Warehouse
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$60,562
Inventory Held for Resale	67,808
Interfund Receivable	42,638
Total Assets	<u>171,008</u>
Liabilities:	
Current Liabilities:	
Interfund Payable	35,000
Intergovernmental Payable	233
Compensated Absences Payable	874
Total Current Liabilities	<u>36,107</u>
Long-Term Liabilities:	
Compensated Absences Payable	3,378
Total Liabilities	<u>39,485</u>
Net Assets:	
Unrestricted	<u><u>\$131,523</u></u>

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Warehouse</u>
Operating Revenues:	
Charges for Services	<u>\$133,275</u>
Operating Expenses:	
Salaries and Wages	30,715
Fringe Benefits	4,940
Cost of Sales	142,833
Other	23
Total Operating Expenses	<u>178,511</u>
Change in Net Assets	(45,236)
Net Assets at Beginning of Year	<u>176,759</u>
Net Assets at End of Year	<u><u>\$131,523</u></u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Warehouse
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$115,104
Cash Payments for Employee Services and Benefits	(33,045)
Cash Payments to Suppliers for Goods and Services	(149,942)
Net Cash Used for Operating Activities	(67,883)
 Cash Flows from Noncapital Financing Activities:	
Advances - In	35,000
Net Decrease in Cash and Cash Equivalents	(32,883)
Cash and Cash Equivalents at Beginning of Year	93,445
Cash and Cash Equivalents at End of Year	\$60,562
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(\$45,236)
 Adjustments to Reconcile Operating Loss to Net Used for Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Inventory Held for Resale	(7,086)
Increase in Interfund Receivable	(18,171)
Increase in Intergovernmental Payable	233
Increase in Compensated Absences Payable	2,377
Net Cash Used for Operating Activities	(\$67,883)

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$12,187	\$88,363
Liabilities:		
Undistributed Monies		\$88,363
Net Assets:		
Held in Trust for Pool of Participants	12,187	

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private Purpose</u>
Additions:	
Interest	\$21
Gifts and Donations	15,000
Total Additions	<u>15,021</u>
Deletions:	
Payments in Accordance with Trust Agreements	<u>4,501</u>
Change in Net Assets	10,520
Net Assets at Beginning of Year	<u>1,667</u>
Net Assets at End of Year	<u><u>\$12,187</u></u>

See accompanying notes to the basic financial statements.

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**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Upper Valley Joint Vocational School District (the "School District") as defined by Section 3311.18 of the Ohio Revised Code, 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. The School District includes 14 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 School District operates under a Board of Education consisting of 11 representatives who are members of the Boards of Education of the participating schools. One member is appointed from each of the following: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or county school districts: Piqua, Shelby, Sidney, and Troy. The Board of Education is responsible for providing vocational job training to residents of the participating school districts.

A. Reporting Entity:

The School District is a jointly governed organization, legally separate from other organizations. The Board of Education of the School District is not directly elected. None of the school districts that appoint Board members are financially accountable for the School District.

The reporting entity is comprised of the jointly governed organization, component units, and other organizations that are included to ensure that the financial statements are not misleading. The jointly governed organization consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Upper Valley Joint Vocational School District, this includes general operations, food service, continuing education, and student related activities of the School District.

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

The School District participates in three jointly governed organizations, one insurance purchasing pool, and one public entity shared risk pool. These organizations are discussed in Note 16 to the basic financial statements. These organizations are presented in Note 16 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association
- Western Ohio Computer Organization

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

Public Entity Shared Risk Pool:

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its Internal Service Fund provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-wide Financial Statements:

The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The government-wide financial statements usually distinguish those activities that are governmental and those that are considered business-type activities. The School District, however, has no activities which are reported as business-type.

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

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements:

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

B. Fund Accounting

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

1. Governmental Funds:

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

General Fund - The General Fund is the operating fund of the School 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Adult Education Special Revenue Fund - The Adult Education Special Revenue Fund accounts for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and grants from the State Department of Education. Expenditures include supplies, salaries and textbooks.

Classroom Facilities Fund – The Classroom Facilities Fund accounts for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

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

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund:

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The School District's proprietary fund is an Internal Service Fund. The Internal Service Fund accounts for the financing of services provided by one department or agency to another department or agency of the School District on a cost-reimbursement basis. The School District's Internal Service Fund is a Warehouse Fund.

3. Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's four trust funds are private purpose trusts which account for college scholarship programs for students, and an adult scholarship program. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

2. Fund Financial Statements:

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

Like the government-wide financial statements, the Internal Service Fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund is included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its internal service activities.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The private purpose trust funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means that the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

2. Deferred Revenue:

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2010, the School District invested in federal agency securities, US Treasury Notes, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2010.

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 2010 amounted to \$32,259, which includes \$13,790 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

F. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivable" and "Interfund Payable." Interfund balances are eliminated on the government-wide Statement of Net Assets.

G. Assets Held for Resale

As an integral part of the instructional laboratory experience for the Construction Trades program, houses are constructed on lots purchased by the School District for the purpose of being sold at public auction upon completion. Transactions are conducted through the School District's Patronage Fund which is combined with the General Fund for reporting purposes.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventory consists of administrative and school supplies held for resale, expendable supplies held for consumption, purchased food held for resale, and non-food supplies.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

J. Restricted Assets

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

K. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. General capital assets usually result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,200.

The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	75 years
Furniture, Fixtures, and Equipment	8-20 years
Vehicles	10-12 years

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Bond Premiums/Issuance Costs

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums and are presented as an addition to the face amount of the bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

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

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the Internal Service Fund are reported on the proprietary fund financial statements.

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

N. 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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination 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 School District's past experience of making termination payments.

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees are paid. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Net Assets

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

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

P. Fund Balance Reserves

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

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Internal Service Fund. For the School District, these revenues are charges for services for supplies. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

R. Internal Activity

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

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

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

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Budgetary Process

All funds, other than the agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund and function level for the General Fund and at the fund level for all other funds. 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 cash flow resource and are intended to be repaid. The Treasurer has been authorized to allocate Board appropriations to the object level in the General Fund and to the function and object level within all other funds.

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations.

T. 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 may differ from those estimates.

3. ACCOUNTABILITY

The ABLE, Carl Perkins, and Drug Free Grant Special Revenue Funds had deficit fund balances at June 30, 2010, of \$5,176, \$27,354, and \$192, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. The change in the fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Adult Education Special Revenue Fund.

Net Change in Fund Balances		
	General	Adult Education
GAAP Basis	(\$1,504,313)	(\$21,851)
Net Adjustment for Revenue Accruals	(155,469)	8,867
Net Adjustment for Expenditure Accruals	37,660	8,460
Change in Fair Value of Investments - FY 2009	(12,838)	
Change in Fair Value of Investments - FY 2010	29,352	
Advances	(138,837)	
Adjustment for Encumbrances	(1,092,859)	(58,236)
Budget Basis	(\$2,837,304)	(\$62,760)

5. DEPOSITS AND INVESTMENTS

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

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

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

A. Investments

As of June 30, 2010, the School District had the following investments. All investments are in an internal investment pool.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>	<u>Maturity Due in 1-2 Years</u>	<u>S&P Rating</u>	<u>Percent of Total Investments</u>
Federal Farm Credit Corporation	\$ 722,506	\$ 722,506		Aaa	5%
Federal Home Loan Bank Notes	5,410,873	4,999,757	\$ 411,116	Aaa	41%
Federal Home Loan Mortgage Notes	4,055,279	3,452,776	602,503	Aaa	31%
Federal Home Loan Mortgage Discount Notes	949,395	949,395		Aaa	7%
Federal National Mortgage Association Notes	855,935	855,935		Aaa	6%
Federal National Mortgage Association Discount Notes	674,438	674,438		Aaa	5%
US Treasury Notes	201,398		201,398	Aaa	2%
STAROhio	304,328	304,328		AAAm	2%
	<u>\$13,174,152</u>	<u>\$11,959,135</u>	<u>\$1,215,017</u>		

Interest Rate Risk – The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase.

Credit Risk – The S&P ratings of the School District's investments are listed in the table above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating. The School District's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The percentage that each investment represents of the total investments is listed in the table above.

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School 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 and public utility property located in the School District. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in calendar year 2010 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

6. PROPERTY TAXES (Continued)

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

The School District receives property taxes from Miami, Darke, Shelby, Auglaize, and Logan Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2010 was \$478,290 in the General Fund and \$82,695 in the Other Governmental Funds. The amount available as an advance at June 30, 2009 was \$304,441 in the General Fund and \$31,903 in the Other Governmental Funds.

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second – Half Collections		2010 First - Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$2,144,040,240	97.29%	\$2,176,025,200	97.30%
Public Utility Personal	59,677,640	2.71	60,365,200	2.70
Total	\$2,203,717,880	100.00%	\$2,236,390,400	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$5.18		\$5.36	

7. RECEIVABLES

Receivables at June 30, 2010, consisted of property taxes, accounts (tuition, charges for services, and student fees), intergovernmental (grants and tuition and fees), accrued interest and interfund. All receivables are considered collectible in full and all will be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year, with the exception of the property taxes and the Ohio School Facilities Commission Grant. Ohio School Facilities Commission Grant monies will be collected over the life of the construction of the new facility.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

7. RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Tuition and Fees	\$ 148,312
Ohio School Facilities Grant	16,002,261
Drug Free Grant	170
Miscellaneous State Grants	26,795
ABLE Grant	52,956
Carl Perkins Grant	59,149
Title II-A	1,098
Total Intergovernmental Receivable	<u>\$16,290,741</u>

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance At 6/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance At 6/30/2010</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,173,459			\$ 1,173,459
Construction in Progress		\$449,091		449,091
Total Capital Assets, Not Being Depreciated	<u>1,173,459</u>	<u>449,091</u>		<u>1,622,550</u>
Depreciable Capital Assets:				
Buildings and Improvements	12,421,962	13,984		12,435,946
Furniture, Fixtures, and Equipment	7,136,405	329,601		7,466,006
Vehicles	282,500	5,600		288,100
Total Depreciable Capital Assets	<u>19,840,867</u>	<u>349,185</u>		<u>20,190,052</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,819,322)	(172,560)		(2,991,882)
Furniture, Fixtures, and Equipment	(4,231,837)	(323,306)		(4,555,143)
Vehicles	(215,099)	(10,851)		(225,950)
Total Accumulated Depreciation	<u>(7,266,258)</u>	<u>(506,717) *</u>		<u>(7,772,975)</u>
Depreciable Capital Assets, Net	<u>12,574,609</u>	<u>(157,532)</u>		<u>12,417,077</u>
Governmental Activities Capital Assets, Net	<u>\$13,748,068</u>	<u>\$291,559</u>	<u>\$0</u>	<u>\$14,039,627</u>

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

8. CAPITAL ASSETS (Continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$37,907
Special	3,269
Vocational	301,569
Adult/Continuing	18,829
Support Services:	
Pupils	10,979
Instructional Staff	3,519
Administration	32,444
Fiscal	545
Business	747
Operation and Maintenance of Plant	65,670
Pupil Transportation	9,392
Central	10,069
Operation of Non-Instructional Services	11,778
Total Depreciation Expense	<u>\$506,717</u>

9. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted with Selective Insurance Company of South Carolina for property, fleet, stop gap, employee benefits, and liability insurance. Insurance coverage provided includes the following:

Property (\$1,000 deductible, subject to scheduled limits)	\$1,000,000
Auto Liability/Physical Damage (\$1,000 Deductible)	1,000,000
General Liability (per occurrence/aggregate)	1,000,000/3,000,000
Employee Benefits Liability (per occurrence/aggregate)	1,000,000/3,000,000
Employer's Liability – Stop gap coverage	1,000,000
Umbrella Coverage	5,000,000

Settled claims have not exceeded this commercial coverage in the past three fiscal years. There have been no significant changes in coverage from the last fiscal year.

B. Medical Benefits

For fiscal year 2010, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of 35 school districts (Note 16). The School District pays monthly premiums to the Trust for employee medical, dental, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

9. RISK MANAGEMENT (Continued)

C. Workers' Compensation

For fiscal year 2010, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Corvel Corporation provides administrative, cost control, and actuarial services to the GRP.

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension and death benefit obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension and death benefit obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$274,345, \$196,551, and \$185,389, respectively; 99.52 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

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

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were, \$1,635,605, \$1,657,331, and \$1,604,167, respectively; 90.29 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$97,890 made by the School District and \$69,921 made by the plan members.

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 of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$52,940, \$132,779, and \$125,440, respectively; 99.52 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$16,315, \$16,217, and \$13,358, respectively; 99.52 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

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

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$125,816, \$127,487, and \$123,397, respectively; 90.29 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

12. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from the Board of Education's administrative regulations and State laws. Full-time classified employees for annual terms on regular contracts are granted two weeks of paid vacation. They are granted one additional day of paid vacation for every full year of service to the School District after the completion of five years. After 20 years of service, the employee will have 25 days of paid vacation. Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Business Director and Treasurer. Accumulated, unused vacation time is paid to classified employees upon termination of employment.

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. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through United of Omaha.

13. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	<u>Outstanding 6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 6/30/10</u>	<u>Due in One Year</u>
Governmental Activities:					
School Facilities Serial Bonds		\$7,285,000		\$7,285,000	\$710,000
Premium on Bonds		99,718	\$ 1,846	97,872	
Compensated Absences	\$1,398,063	250,177	232,965	1,415,275	86,610
Total Long-Term Liabilities	<u>\$1,398,063</u>	<u>\$7,634,895</u>	<u>\$234,811</u>	<u>\$8,798,147</u>	<u>\$796,610</u>

School Facilities Serial Bonds - On May 20, 2010, Upper Valley Joint Vocational School issued \$7,285,000 in school facilities general obligation serial bonds. The serial bonds are not subject to prior redemption. The serial bonds were issued for a 10-year period with final maturity during fiscal year 2019. The bonds will be retired from the Bond Retirement Fund with property tax revenues.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2010, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 710,000	\$ 92,160
2012	760,000	166,113
2013	775,000	150,913
2014	790,000	135,412
2015	810,000	119,613
2016-2020	<u>3,440,000</u>	<u>268,924</u>
Total	<u>\$7,285,000</u>	<u>\$933,135</u>

Compensated Absences will be paid from the following: the General Fund and the Adult Education, Food Service, Uniform School Supplies, Education Management Information Systems, Adult Basic Education, and Carl D. Perkins Non-major Special Revenue Funds; and the Warehouse Internal Service Fund.

The School District's overall legal debt margin was \$194,356,753 and the unvoted debt margin was \$2,233,591 at June 30, 2010.

14. NOTES PAYABLE

During fiscal year 2010, the School District paid \$670,000 to pay-off an outstanding note. The School District entered into a new note for School Facilities in fiscal year 2010 that was refinanced during the fiscal year with a School Facilities Bond.

<u>Types / Issues</u>	<u>Balance 6/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2010</u>
3.75% Bond Anticipation Note	\$670,000		\$ 670,000	
1.50% School Facilities Note		\$7,287,961	7,287,961	
Total Governmental Activities	<u>\$670,000</u>	<u>\$7,287,961</u>	<u>\$7,957,961</u>	<u>\$0</u>

15. INTERFUND ASSETS/LIABILITIES AND TRANSFERS

		<u>Receivable</u>		
		<u>General</u>	<u>Internal Service</u>	<u>Total</u>
Payable	General		\$42,638	\$ 42,638
	Internal Service	\$ 35,000		35,000
	Other Governmental	120,681		120,681
	Total	<u>\$155,681</u>	<u>\$42,638</u>	<u>\$198,319</u>

Interfund balances represent unpaid charges for services and General Fund advances, resulting from the time lag between the dates that (1) interfund goods or services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Restricted monies are used to reimburse the General Fund for advancing monies to other funds due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund reimburses the General Fund for the initial advance. All are expected to be paid within one year.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

15. INTERFUND ASSETS/LIABILITIES AND TRANSFERS (Continued)

The General Fund had transfers-out to the Other Governmental Funds of \$393,947. Transfers are made to move General Fund revenues that are used to subsidize various programs in other funds. The transfer of \$695,633 within the Other Governmental Funds was done to move money to pay the debt obligation from the fund that originally received the debt proceeds.

16. JOINTLY GOVERNED ORGANIZATIONS/INSURANCE PURCHASING POOL/PUBLIC ENTITY SHARED RISK POOL

A. Jointly Governed Organizations

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of SOEPC 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. Any district withdrawing from the SOEPC forfeits 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 during the one year period. Payments to SOEPC are made from the General Fund. During fiscal year 2010, the School District paid \$113,194 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

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 SOITA 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 21 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 elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members. One at-large higher education representative is 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. During fiscal year 2010, the School District paid \$1,050 to SOITA for services provided during the fiscal year. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Dave Gibson, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Western Ohio Computer Organization - The School District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts in a 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.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS/INSURANCE PURCHASING POOL/PUBLIC ENTITY SHARED RISK POOL (Continued)

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. Payments to WOCO are made from the General Fund. The School District paid WOCO \$76,978 for services provided during the fiscal year. Financial information can be obtained from Donn Walls, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

B. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Executive Committee consisting of the Chairperson, the Vice-Chairperson, 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 GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

C. Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust - The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 1831 Harshman Road, Dayton, Ohio 45424.

17. SET-ASIDE CALCULATIONS

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

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

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

17. SET-ASIDE CALCULATIONS (Continued)

	Textbooks and Instructional Materials	Capital Improvements
Set-aside Reserve Balance as of June 30, 2009	\$ 9,995	
Current Fiscal Year Set-aside Requirement	208,476	\$208,476
Current Fiscal Year Offsets		(175,335)
Qualifying Disbursements	(178,919)	(33,141)
Set-aside Reserve Balance as of June 30, 2010	\$39,552	\$ 0
Set-aside Balances Carried Forward to Future Fiscal Years	\$39,552	\$ 0

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements amount below zero. This extra amount of offsets may not be used to reduce the set-aside requirements in future fiscal years.

18. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

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

19. COMPLIANCE

The Classroom Facilities Fund had an excess of expenditures and encumbrances of \$9,185,347 over appropriations of \$6,539,087 at June 30, 2010. The Adult Education Fund had appropriations of \$2,031,894 exceeded actual resources of \$2,012,018 at June 30, 2010.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture						
<i>(Direct Receipt)</i>						
Rural Business Enterprise Grants		10.769			\$68,881	
<i>(Passed Through Ohio Department of Education)</i>						
Child Nutrition Cluster:						
Non Cash Assistance:						
National School Lunch Program		10.555		\$23,524		\$23,524
Cash Assistance:						
School Breakfast Program		10.553	\$26,798		\$26,798	
National School Lunch Program		10.555	110,070		110,070	
Cash Assistance Subtotal			<u>136,868</u>		<u>136,868</u>	
Total Child Nutrition Cluster			<u>136,868</u>	23,524	<u>136,868</u>	<u>23,524</u>
Total U.S. Department of Agriculture			<u>136,868</u>	<u>23,524</u>	<u>205,749</u>	<u>23,524</u>
U.S. Department of Education						
<i>(Passed Through Ohio Department of Education)</i>						
Adult Education-Basic Grants to States						
	062125-ABS2-2010	84.002	130,978		130,978	
Career and Technical Education - Basic Grants to States						
	062125-20C1-2009	84.048	35,053		38,281	
	062125-20C1-2010		229,354		226,231	
	062125-20C2-2010		<u>88,503</u>		<u>88,049</u>	
Total Career and Technical Education - Basic Grants to States			<u>352,910</u>		<u>352,561</u>	
Safe and Drug-Free Schools and Communities	062125-DRS1-2010	84.186	4,466		4,635	
Improving Teacher Quality State Grants						
	062125-TRS1-2009	84.367	162		485	
	062125-TRS1-2010		<u>17,994</u>		<u>12,715</u>	
Total Improving Teacher Quality State Grants			<u>18,156</u>		<u>13,200</u>	
<i>(Direct Receipt)</i>						
Student Financial Assistance Cluster:						
Federal Pell Grant Program	2010	84.063	316,969		316,969	
Federal Pell Loans	2010	84.268	64,038		64,038	
Federal Family Education Loans	2010	84.032	<u>140,470</u>		<u>140,470</u>	
Total Student Financial Assistance Cluster			<u>521,477</u>		<u>521,477</u>	
Total U.S. Department of Education			<u>1,027,987</u>		<u>1,022,851</u>	
Total Federal Assistance			<u>\$1,164,855</u>	<u>\$23,524</u>	<u>\$1,228,600</u>	<u>\$23,524</u>

The accompanying notes are an integral part of this schedule.

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Disbursements (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.



Dave Yost • Auditor of State

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

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 the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Valley Joint Vocational School District, Miami County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 28, 2011.

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

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

Dave Yost
Auditor of State

March 28, 2011



Dave Yost • Auditor of State

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

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 could directly and materially affect the District's major federal program for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Upper Valley Joint Vocational School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

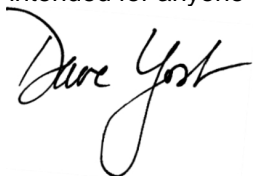
The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over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

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

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 28, 2011.

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



Dave Yost
Auditor of State

March 28, 2011

**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Student Financial Assistance Cluster: CFDA # 84.032 Federal Family Education Loans CFDA #84.063 Federal Pell Grant Program CFDA #84.268 Federal Pell Loans
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Total Expenditures Exceeding Appropriations

FINDING NUMBER 2010-001

NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. In addition, Ohio Rev. Code Section 5705.40 states any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all un-liquidated and outstanding contracts or obligations against them.

In fiscal year 2010, the District appropriated \$6,539,087, but spent \$9,185,347, resulting in \$2,646,260 of un-appropriated disbursements in the Classroom Facilities Fund. No supplemental appropriations were approved by the Board. This could result in the District expending more funds than available for expenditure.

<u>Fund</u>	<u>Appropriations At 6/30/10 plus Prior Carryover</u>	<u>Total Expenditures At 6/30/10</u>	<u>Encumbrances</u>	<u>Variance</u>
Classroom Facilities	\$6,539,087	\$7,607,720	\$1,577,627	(\$2,646,260)

The District should routinely monitor expenditures and appropriations. The District should develop monitoring procedures to help identify instances in which expenditures may exceed appropriations at the legal level of control. Appropriations and/or spending should be modified when a potential violation is identified to help reduce the risk of deficit spending.

Official's Response:

No response received from the client.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.



Dave Yost • Auditor of State

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Upper Valley Joint Vocational School District, Miami County, has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. School management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on August 27, 2007 and April 26, 2010.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- 6) A procedure for documenting any prohibited incident that is reported;
- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Dave Yost
Auditor of State

March 28, 2011



Dave Yost • Auditor of State

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
MAY 5, 2011