



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

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, 2009, 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, 2009, 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 December 28, 2009, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditure Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 28, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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, 2009. 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 2009 are as follows:

- In total, net assets decreased \$748,249, which represents a four percent decrease from fiscal year 2008.
- General revenues, that with certain limited exceptions, are available for any purpose needed, accounted for \$15,391,965, or 70 percent of all revenues.
- The School District had \$22,811,123 in expenses; only \$6,670,909 of these expenses were offset by program specific charges for services, grants, contributions or interest. The combination of general revenues (primarily taxes and unrestricted State foundation) consisting of \$15,391,965 and beginning net assets of \$20,654,980 were adequate to provide for these programs.
- Among major funds, the General Fund had \$17,454,656 in revenues and \$18,465,199 in expenditures. The General Fund's balance decreased \$1,134,301 over fiscal year 2008.
- Debt has been reduced to \$670,000 as of June 30, 2009 and is expected to be paid off completely during 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 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

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 2009?" 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.

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 does have 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 and the Adult Education Special Revenue 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; therefore, these statements will essentially match. The Internal Service Fund is used to report activities that provide services to the School District's other funds and departments.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

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.

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 2009 compared to fiscal year 2008:

**Table 1
Net Assets**

	2009	2008	Change
Assets:			
Current Assets	\$15,433,477	\$17,841,819	(\$2,408,342)
Capital Assets	13,748,068	13,838,105	(90,037)
Total Assets	<u>29,181,545</u>	<u>31,679,924</u>	<u>(2,498,379)</u>
Liabilities:			
Long-Term Liabilities	1,398,063	1,320,070	77,993
Other Liabilities	7,876,751	9,704,874	(1,828,123)
Total Liabilities	<u>9,274,814</u>	<u>11,024,944</u>	<u>(1,750,130)</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	13,078,068	12,733,070	344,998
Restricted	2,327,625	2,174,894	152,731
Unrestricted	4,501,038	5,747,016	(1,245,978)
Total Net Assets	<u>\$19,906,731</u>	<u>\$20,654,980</u>	<u>(\$ 748,249)</u>

The decrease of \$2,408,342 in current assets was attributed to several factors. Property taxes receivable decreased related to the ongoing phase out of tangible personal property tax. Accounts and intergovernmental receivable decreased due to the timing of when items are received. The major factor was a decrease in cash, a result of reissuing the School Improvement Bond Anticipation Note for \$1,230,000 less, as well as operating expenses exceeding current year revenues. Capital assets decreased slightly as current year depreciation expense outpaced new capital assets purchased during the fiscal year.

Long-term liabilities, consisting of compensated absences, showed a normal increase due to increases in leave balances and pay rates. The \$1,828,123 decrease in other liabilities from fiscal year 2007 was due to decreases in notes payable and deferred revenue. Notes payable decreased because the School District reissued the bond anticipation note for \$1,230,000 less, and deferred revenue decreased along with the decrease in property taxes receivable.

Invested in capital assets, net of related debt represents the amount of capital assets less debt outstanding at June 30, 2009. The increase was caused by a decrease in debt outstanding at year-end. Restricted net assets showed a slight increase of \$152,731.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities, decreased by \$1,245,978. This decrease was due to the decline of the General Fund balance as expenses again outpaced revenues.

Table 2 shows the changes in net assets for fiscal year 2009 compared to fiscal year 2008.

**Table 2
Changes in Net Assets**

	2009	2008	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,778,015	\$ 1,867,567	(\$ 89,552)
Operating Grants, Contributions, and Interest	4,892,894	4,003,310	889,584
Total Program Revenues	<u>6,670,909</u>	<u>5,870,877</u>	<u>800,032</u>
General Revenues:			
Property Taxes	6,510,986	7,579,701	(1,068,715)
Grants and Entitlements	8,485,457	7,915,977	569,480
Investment Earnings	289,095	571,189	(282,094)
Gifts and Donations	54,941	60,205	(5,264)
Miscellaneous	51,486	36,582	14,904
Total General Revenues	<u>15,391,965</u>	<u>16,163,654</u>	<u>(771,689)</u>
Total Revenues	<u>22,062,874</u>	<u>22,034,531</u>	<u>28,343</u>
Program Expenses:			
Instruction:			
Regular	2,093,801	1,933,743	160,058
Special	1,196,867	1,173,245	23,622
Vocational	9,396,757	9,310,842	85,915
Adult/Continuing	1,518,777	1,565,151	(46,374)
Student Intervention Services	49,918	39,128	10,790
Support Services:			
Pupils	1,228,067	1,193,895	34,172
Instructional Staff	221,801	242,583	(20,782)
Board of Education	33,115	54,920	(21,805)
Administration	2,375,391	2,386,925	(11,534)
Fiscal	612,407	609,655	2,752
Business	166,207	158,414	7,793
Operation and Maintenance of Plant	1,556,813	1,579,421	(22,608)
Pupil Transportation	61,434	51,911	9,523
Central	834,123	759,998	74,125
Operation of Non-Instructional Services	1,359,724	847,611	512,113
Extracurricular Activities	62,131	65,133	(3,002)
Interest and Fiscal Charges	43,790	123,558	(79,768)
Total Expenses	<u>22,811,123</u>	<u>22,096,133</u>	<u>\$714,990</u>
Change in Net Assets	(748,249)	(61,602)	
Net Assets at Beginning of Year	20,654,980	20,716,582	
Net Assets at End of Year	<u>\$19,906,731</u>	<u>\$20,654,980</u>	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Governmental Activities

Overall revenues increased by only \$28,343 from fiscal year 2008 to fiscal year 2009.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes made up 30 percent of revenues for governmental activities. The decrease in property tax revenue was the result of the phase out of the personal property tax coupled with a decrease in the rate for the retirement of the debt. The State is reimbursing local governments for the lost personal property tax loss, and is the primary reason for the increase in grants and entitlements.

Operating grants and contributions and interest increased significantly from fiscal year 2008. The primary reason for this increase was due new requirements to record all PELL Grant and Stafford Loan proceeds.

The significant decrease in investment earnings was due to decreased interest rates and lower fund balances to invest.

Instruction of students comprises 62 percent of School District expenses. Support services expenses make up 31 percent of the expenses.

Overall expenses increased \$714,990, which represents a 3 percent increase from fiscal year 2008. Historically, expenses have been increasing each fiscal year and the primary reason for this is increased salaries and benefits as a result of staff raises. The large increase in operation of net-instructional services was due to the requirement to record all PELL Grant and Stafford Loan activity.

The School District's Funds

The major funds of the School District are the General and Adult Education Special Revenue Funds and are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$22,188,709 and expenditures of \$22,639,431, and the two major funds account for 86 percent of total revenues and 90 percent of total expenditures. The net change in fund balance for the year in the General Fund and Adult Education Special Revenue Fund were (\$1,134,301) and (\$191,420), respectively.

For the General Fund, both revenue and expenditures both increased by less than one percent from fiscal year 2008. Fund balance decreased by \$1,134,301 which is relatively the same as the decrease in fiscal year 2008 which was \$1,184,424. Economic conditions have reduced State foundation and property tax increases over the past several years and the School District is exploring all possibilities to try and reduce this trend of decreasing 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

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 did not change in total between the original and final budgets. The final budgeted property tax and intergovernmental revenues were \$5,457,869 and \$10,592,463, respectively. The General Fund received \$5,854,628 in property tax revenue, and \$11,184,364 in intergovernmental revenue which accounts for 97 percent of General Fund revenues. The variance in property taxes reflects conservative estimates for tangible personal property taxes due to the uncertainty of the economy and the continued phase-out of the tax. The intergovernmental revenues variance reflects the underestimating of tangible personal tax loss reimbursements from the State regarding the above mentioned phase-out.

Original and final budgeted expenditures had a variance in total of only \$1,121. The School District budgeted \$24,424,231 for expenditures, but expended only \$19,260,219, a difference of \$5,164,012. 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.

Capital Assets

Table 3 shows fiscal year 2009 balances compared to fiscal year 2008.

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

	2009	2008
Land	\$ 1,173,459	\$ 1,173,459
Construction in Progress		252,398
Buildings and Improvements	9,602,640	9,370,748
Furniture, Fixtures, and Equipment	2,904,568	2,997,793
Vehicles	67,401	43,707
Totals	\$13,748,068	\$13,838,105

Overall capital assets decreased \$90,037 from fiscal year 2008 as depreciation expenses outpaced additions. For more information on capital assets, refer to Note 8 of the basic financial statements.

Debt Administration

At June 30, 2009, the School District had \$670,000 in debt outstanding in the form of a bond anticipation note. The note was originally issued during fiscal year 2004 in the amount of \$7,000,000. The School District has been reissuing the note at a reduced amount every year, and final payment is expected during fiscal year 2010. See Notes 13 and 14 of the notes to the basic financial statements for more detailed information.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Current Financial Issues and Concerns

The School District has continued to experience some losses of business based on the closing of businesses due primarily to the current economic climate. The impact of these closings, with little promise of new manufacturing and industrial base, creates concern for local government and school officials. The School District's current financial position will not force an immediate reaction to these losses. However, the School District is evaluating the available alternatives to improve the School District's cash flow position in future years.

Externally, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional system of school funding, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. The legislators and government officials continue to negotiate the plan for improvement of the financing of public schools in the State of Ohio.

In comparison to other school districts in the State, the Upper Valley Joint Vocational School District would not be considered a School District suffering with low wealth. Therefore, the Upper Valley Joint Vocational School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the court, the State may require redistribution of the commercial activities tax that was enacted to replace the recently repealed tangible personal property tax.

With the adoption of the fiscal year 2010 through fiscal year 2011 Biennial Budget Bill, the State Legislature has included a three quarters of one per cent (.0075) increase over the prior year's state subsidy for high school vocational programming at all joint vocational schools and career technology centers in the State. This increase would be irrespective of fluctuations in enrollment.

The State foundation amounts, which represent the primary source of State funding for the School District, have been basically unaffected by the State budget cuts thus far. Even though the State legislature has enacted a new tax on business called the commercial activities tax, and has offered a hold harmless transition guarantee against significant loss of revenue due to the tax structure changes, State support for schools continues to generate many more questions than answers. It is anticipated State funding for joint vocational schools and career technical schools will undergo a major renovation in the 2012-2013 State Biennial Budget Bill, similar to the evidence-based funding applied to comprehensive schools in the 2010-2011 State Budget Bill. Both scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

On November 3, 2009, the School District passed a bond issue of .46 mill levy for nine years to provide the local share (\$7M) of an Ohio School Facilities Commission Project to renovate the current facilities in the total amount of \$24.7M. The State of Ohio will be providing 75 percent (\$17.4M) of the base cost of the project.

In conclusion, the Upper Valley Joint Vocational School District has committed itself to financial excellence for many years. In addition, the School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future and to provide the best educational opportunities to its students.

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 William Stump, Treasurer at Upper Valley Joint Vocational School District, 8811 Career Drive, Piqua, Ohio 45356, or e-mail at stumpw@uvjvs.org.

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

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$8,875,107
Accounts Receivable	67,843
Accrued Interest Receivable	48,661
Intergovernmental Receivable	154,162
Inventory of Supplies and Materials	34,182
Inventory Held for Resale	60,867
Prepaid Items	12,081
Property Taxes Receivable	6,022,915
Assets Held for Resale	157,659
Nondepreciable Capital Assets	1,173,459
Depreciable Capital Assets, Net	12,574,609
Total Assets	29,181,545
 Liabilities:	
Accounts Payable	79,891
Accrued Wages and Benefits Payable	1,278,209
Matured Compensated Absences Payable	38,126
Notes Payable	670,000
Accrued Interest Payable	14,796
Intergovernmental Payable	334,871
Deferred Revenue	5,460,858
Long Term Liabilities:	
Due Within One Year	80,400
Due In More Than One Year	1,317,663
Total Liabilities	9,274,814
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	13,078,068
Restricted for:	
Capital Projects	1,332,978
Debt Service	459,081
Other Purposes	275,035
Uniform School Supplies	154,925
Adult Education	95,611
Set-Asides	9,995
Unrestricted	4,501,038
Total Net Assets	\$19,906,731

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, 2009**

	<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	\$2,093,801		(\$2,093,801)
Special	1,196,867		(612,060)
Vocational	9,396,757	\$115,100	(6,756,814)
Adult/Continuing	1,518,777	761,026	(293,708)
Student Intervention Services	49,918		(35,371)
Support Services:			
Pupils	1,228,067	39,082	(905,350)
Instructional Staff	221,801		(100,975)
Board of Education	33,115		(33,115)
Administration	2,375,391	190,246	(2,106,377)
Fiscal	612,407	650	(611,757)
Business	166,207		(166,207)
Operation and Maintenance of Plant	1,556,813	25,039	(1,503,908)
Pupil Transportation	61,434		(46,895)
Central	834,123	16,936	(802,424)
Operation of Non-Instructional Services	1,359,724	629,936	34,469
Extracurricular Activities	62,131		(62,131)
Interest and Fiscal Charges	43,790		(43,790)
Total Governmental Activities	<u>\$22,811,123</u>	<u>\$1,778,015</u>	<u>\$4,892,894</u>
			<u>(16,140,214)</u>
General Revenues:			
Property Taxes Levied for:			
			5,805,150
			705,836
Grants and Entitlements not Restricted to			
			8,485,457
			289,095
			54,941
			51,486
Total General Revenues			<u>15,391,965</u>
			(748,249)
			<u>20,654,980</u>
			<u>\$19,906,731</u>

See accompanying notes to the basic financial statements.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Adult Education</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$6,695,234	\$183,954	\$1,891,839	\$8,771,027
Receivables:				
Property Taxes	5,502,595		520,320	6,022,915
Accounts	6,617	1,261	59,965	67,843
Intergovernmental	9,568	12,911	131,683	154,162
Accrued Interest	38,609		10,052	48,661
Interfund	16,675		943	17,618
Assets Held for Resale	157,659			157,659
Inventory of Supplies and Materials	2,243		31,939	34,182
Inventory Held for Resale			145	145
Prepaid Items	12,081			12,081
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	10,635			10,635
Total Assets	<u>12,451,916</u>	<u>198,126</u>	<u>2,646,886</u>	<u>15,296,928</u>
 Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	67,696	3,553	8,642	79,891
Accrued Wages and Benefits Payable	1,208,795	27,152	42,262	1,278,209
Intergovernmental Payable	294,793	21,484	18,594	334,871
Interfund Payable	24,467	943	16,675	42,085
Deferred Revenue	5,234,201	530	578,360	5,813,091
Notes Payable			670,000	670,000
Accrued Interest Payable			14,796	14,796
Matured Compensated Absences Payable	38,126			38,126
Total Liabilities	<u>6,868,078</u>	<u>53,662</u>	<u>1,349,329</u>	<u>8,271,069</u>
 Fund Balances:				
Reserved for Encumbrances	521,679	25,444	88,212	635,335
Reserved for Property Taxes	304,441		31,903	336,344
Reserved for Textbooks and Instructional Materials	9,995			9,995
Reserved for Unclaimed Monies	640			640
Reserved for Assets Held for Resale	157,659			157,659
Unreserved, Undesignated Reported in:				
General Fund	4,589,424			4,589,424
Special Revenue Funds		119,020	177,933	296,953
Debt Service Fund			404,843	404,843
Capital Projects Funds			594,666	594,666
Total Fund Balances	<u>5,583,838</u>	<u>144,464</u>	<u>1,297,557</u>	<u>7,025,859</u>
 Total Liabilities and Fund Balances	<u>\$12,451,916</u>	<u>\$198,126</u>	<u>\$2,646,886</u>	<u>\$15,296,928</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, 2009**

Total Governmental Fund Balance	\$7,025,859
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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	
Building and Improvements	12,421,962	
Furniture, Fixtures, and Equipment	7,136,405	
Vehicles	282,500	
Accumulated Depreciation	<u>(7,266,258)</u>	
Total Capital Assets		13,748,068

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.

178,634

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:

Property Taxes Receivable	225,713	
Intergovernmental Receivable	73,093	
Accounts Receivable	11,699	
Accrued Interest Receivable	<u>41,728</u>	
		352,233

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Compensated Absences Payable		<u>(1,398,063)</u>
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Net assets of Governmental Activities

\$19,906,731

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, 2009**

	<u>General</u>	<u>Adult Education</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Taxes	\$5,810,624		\$709,453	\$6,520,077
Tuition and Fees	57,307	\$1,160,715	331,072	1,549,094
Investment Earnings	230,868		55,829	286,697
Intergovernmental	11,213,895	415,329	1,730,718	13,359,942
Charges for Services	107,454		257,225	364,679
Gifts and Donations	1,236	1,855	51,850	54,941
Rent	1,793			1,793
Miscellaneous	31,479	4,372	15,635	51,486
Total Revenues	<u>17,454,656</u>	<u>1,582,271</u>	<u>3,151,782</u>	<u>22,188,709</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,012,520			2,012,520
Special	1,202,072			1,202,072
Vocational	8,988,658		289,465	9,278,123
Adult/Continuing		1,324,168	175,673	1,499,841
Student Intervention Services	35,515		14,403	49,918
Support Services:				
Pupils	847,420	67,030	297,693	1,212,143
Instructional Staff	165,555		51,680	217,235
Board of Education	33,115			33,115
Administration	2,026,127	334,495	2,107	2,362,729
Fiscal	553,727		53,278	607,005
Business	163,732			163,732
Operation and Maintenance of Plant	1,377,909	43,294	17,648	1,438,851
Pupil Transportation	74,308		14,395	88,703
Central	728,037	29,704	64,745	822,486
Operation of Non-Instructional Services	96,145		1,248,429	1,344,574
Extracurricular Activities	62,131			62,131
Capital Outlay	98,228		102,235	200,463
Debt Service:				
Interest and Fiscal Charges			43,790	43,790
Total Expenditures	<u>18,465,199</u>	<u>1,798,691</u>	<u>2,375,541</u>	<u>22,639,431</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,010,543)</u>	<u>(216,420)</u>	<u>776,241</u>	<u>(450,722)</u>
Other Financing Sources (Uses):				
Transfers - In		25,000	1,404,125	1,429,125
Transfers - Out	(123,758)		(1,305,367)	(1,429,125)
Total Other Financing Sources (Uses)	<u>(123,758)</u>	<u>25,000</u>	<u>98,758</u>	
Net Change in Fund Balances	(1,134,301)	(191,420)	874,999	(450,722)
Fund Balances at Beginning of Year	<u>6,718,139</u>	<u>335,884</u>	<u>422,558</u>	<u>7,476,581</u>
Fund Balances at End of Year	<u>\$5,583,838</u>	<u>\$144,464</u>	<u>\$1,297,557</u>	<u>\$7,025,859</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 STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds (\$450,722)

***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	\$477,126	
Depreciation Expense	(513,387)	
Excess of Capital Outlay Under Depreciation Expense		(36,261)

The cost of disposed capital assets is removed from the capital assets account on the Statement of Net Assets resulting in a loss on disposal of capital assets on the Statement of Activities.

Loss on Disposal of Capital Assets		(53,776)
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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.

(3,662)

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	(9,091)	
Tuition and Fees	(137,551)	
Investment Earnings	2,838	
Intergovernmental	17,969	
Total		(125,835)

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		(77,993)
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Change in Net Assets of Governmental Activities

(\$748,249)

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, 2009**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$5,457,869	\$5,457,869	\$5,854,628	\$396,759
Tuition and Fees	43,329	44,500	58,000	13,500
Interest	304,040	310,000	295,291	(14,709)
Intergovernmental	10,600,044	10,592,463	11,184,364	591,901
Charges for Services	103,050	103,050	107,636	4,586
Gifts and Donations	975	1,000	1,236	236
Rent	3,944	3,980	1,793	(2,187)
Miscellaneous	174,961	175,350	33,696	(141,654)
Total Revenues	<u>16,688,212</u>	<u>16,688,212</u>	<u>17,536,644</u>	<u>848,432</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,075,176	2,054,552	2,012,301	42,251
Special	1,289,896	1,284,442	1,190,153	94,289
Vocational	12,752,655	12,772,626	9,327,375	3,445,251
Student Intervention Services	36,507	38,150	37,232	918
Support Services:				
Pupils	973,538	958,904	829,235	129,669
Instructional Staff	216,757	213,707	172,849	40,858
Board of Education	56,757	57,299	54,256	3,043
Administration	2,216,337	2,194,110	2,061,254	132,856
Fiscal	623,818	614,028	554,746	59,282
Business	165,257	165,251	164,639	612
Operation and Maintenance of Plant	1,582,746	1,644,522	1,540,932	103,590
Pupil Transportation	118,502	97,096	79,672	17,424
Central	755,578	754,384	747,615	6,769
Operation of Non-Instructional Services	621,681	635,168	220,661	414,507
Extracurricular Activities	64,921	69,820	62,412	7,408
Capital Outlay	872,984	870,172	204,887	665,285
Total Expenditures	<u>24,423,110</u>	<u>24,424,231</u>	<u>19,260,219</u>	<u>5,164,012</u>
Excess of Revenues Under Expenditures	<u>(7,734,898)</u>	<u>(7,736,019)</u>	<u>(1,723,575)</u>	<u>6,012,444</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditure	3,000	3,000	21,136	18,136
Refund of Prior Year Receipts	(1,750)	(2,320)	(1,486)	834
Advances - In			25,450	25,450
Advances - Out	(50,000)	(26,000)	(16,675)	9,325
Transfers - Out	(100,000)	(124,000)	(123,758)	242
Total Other Financing Sources (Uses)	<u>(148,750)</u>	<u>(149,320)</u>	<u>(95,333)</u>	<u>53,987</u>
Net Change in Fund Balance	(7,883,648)	(7,885,339)	(1,818,908)	6,066,431
Fund Balance at Beginning of Year	7,250,836	7,250,836	7,250,836	
Prior Year Encumbrances Appropriated	634,503	634,503	634,503	
Fund Balance at End of Year	<u>\$1,691</u>	<u>\$0</u>	<u>\$6,066,431</u>	<u>\$6,066,431</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, 2009**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Tuition and Fees	\$1,081,325	\$1,081,325	\$1,254,650	\$173,325
Intergovernmental	544,000	544,000	420,009	(123,991)
Gifts and Donations	4,000	4,000	1,855	(2,145)
Miscellaneous	6,000	6,000	4,372	(1,628)
Total Revenues	<u>1,635,325</u>	<u>1,635,325</u>	<u>1,680,886</u>	<u>45,561</u>
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	1,416,665	1,416,665	1,349,443	67,222
Support Services:				
Pupils	75,093	75,093	67,682	7,411
Administration	368,587	368,587	336,373	32,214
Operation and Maintenance of Plant	49,799	49,799	49,716	83
Central	29,300	29,300	28,997	303
Total Expenditures	<u>1,939,444</u>	<u>1,939,444</u>	<u>1,832,211</u>	<u>107,233</u>
Excess of Revenues Under Expenditures	(304,119)	(304,119)	(151,325)	152,794
Other Financing Sources:				
Transfers - In	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	
Net Change in Fund Balance	(279,119)	(279,119)	(126,325)	152,794
Fund Balance at Beginning of Year	244,571	244,571	244,571	
Prior Year Encumbrances Appropriated	<u>34,548</u>	<u>34,548</u>	<u>34,548</u>	
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$152,794</u>	<u>\$152,794</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, 2009

Assets:

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$93,445
Inventory Held for Resale	60,722
Interfund Receivable	24,467
Total Assets	<u>178,634</u>

Liabilities:

Current Liabilities:

Compensated Absences Payable	864
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Long-Term Liabilities:

Compensated Absences Payable	1,011
Total Liabilities	<u>1,875</u>

Net Assets:

Unrestricted	176,759
Total Net Assets	<u>\$176,759</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, 2009**

Operating Revenues:	
Charges for Services	<u>\$140,731</u>
Operating Expenses:	
Salaries and Wages	9,436
Fringe Benefits	2,662
Cost of Sales	<u>132,484</u>
Total Operating Expenses	<u>144,582</u>
Operating Loss	(3,851)
Net Assets at Beginning of Year	<u>180,610</u>
Net Assets at End of Year	<u><u>\$176,759</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, 2009**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Interfund Services Provided	\$148,481
Cash Payments for Employee Services and Benefits	(11,909)
Cash Payments to Suppliers for Goods and Services	<u>(119,010)</u>
Net Cash Used for Operating Activities	17,562

Cash and Cash Equivalents at Beginning of Year 75,883

Cash and Cash Equivalents at End of Year 93,445

Reconciliation of Operating Loss to Net Cash

Used for Operating Activities:

Operating Loss (3,851)

Adjustments to Reconcile Operating Loss to Net

Cash Used for Operating Activities:

Changes in Assets and Liabilities:	
Decrease in Inventory Held for Resale	15,701
Decrease in Interfund Receivable	7,750
Decrease in Accounts Payable	(2,227)
Increase in Compensated Absences Payable	<u>189</u>
Net Cash Used for Operating Activities	<u><u>\$17,562</u></u>

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, 2009**

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$1,621	\$87,924
Receivables:		
Accrued Interest	46	
Total Assets	1,667	87,924
Liabilities:		
Undistributed Monies		\$87,924
Net Assets:		
Held in Trust for Scholarships	\$1,667	

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, 2009

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$97
Gifts and Donations	15,000
Total Additions	<u>15,097</u>
Deletions:	
Payments in Accordance with Trust Agreements	<u>15,656</u>
Change in Net Assets	(559)
Net Assets at Beginning of Year	<u>2,226</u>
Net Assets at End of Year	<u><u>\$1,667</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, 2009
(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 fourteen member school districts throughout all or portions of Auglaize, Darke, Logan, Miami, and Shelby Counties. The first official body designated as the Upper Valley Joint Vocational School District Board of Education was formed in 1972.

The School District operates under a Board of Education consisting of eleven 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:

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, 2009
(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 activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The government-wide financial statements usually distinguish between 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, 2009
(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. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Internal Service Funds are 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. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. 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.

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

2. Proprietary Funds:

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 sixty 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, 2009, but which were levied to finance fiscal year 2010 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, 2009
(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 2009, the School District invested in US Treasury Money Market Mutual Fund, US Treasury Bills, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Home Loan Bank Discount Bonds, Federal Farm Credit Bank, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Notes, 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. For investments in open-end mutual funds, fair value is determined by the fund's share price.

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, 2009.

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 2009 amounted to \$230,868 which includes \$65,373 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 Receivables and Payables

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, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/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, 2009, 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 twelve hundred dollars. 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

L. 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 Funds are reported on the proprietary fund financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

M. 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.

N. 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.

O. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

P. 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.

Q. 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.

R. 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, 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 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

S. 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 Adult Full Service, Miscellaneous State Grants, ABLE, and Carl Perkins Special Revenue Funds and the Building Capital Projects Fund had deficit fund balances at June 30, 2009, of \$463, \$4,524, \$17,309, \$26,459, and \$684,219, respectively. The deficits in the Adult Full Service, Miscellaneous State Grants, ABLE, and Carl Perkins Special Revenue Funds are due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The General Fund is liable for the deficits and provides operating transfers when cash is required, not when accruals occur. The deficit in the Building Capital Projects Fund is due to the liability for notes payable being reported as a fund liability and will be alleviated when the notes are paid.

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).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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	(\$1,134,301)	(\$191,420)
Net Adjustment for Revenue Accruals	78,663	98,615
Net Adjustment for Expenditure Accruals	(144,230)	(2,360)
Change in Fair Value of Investments - FY 2008	11,623	
Change in Fair Value of Investments - FY 2009	12,838	
Advances	8,775	
Adjustment for Encumbrances	(652,276)	(31,160)
Budget Basis	(\$1,818,908)	(\$126,325)

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.

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;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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);
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, 2009, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Investment Maturities (in Years)		S&P and Moody Rating	Percent of Total Investments
		Less than 1	1 – 2		
US Treasury Money Market Mutual Fund	\$ 96,190	\$ 96,190		AAA	
US Treasury Bills	679,783	679,783		AAA	9.33%
Federal Home Loan Mortgage Corporation Notes	1,214,360	918,785	\$295,575	AAA	16.67%
Federal Home Loan Bank Bonds	1,948,154	1,494,779	453,375	AAA	26.75%
Federal Home Loan Bank Discount Bonds	704,613	704,613		AAA	9.67%
Federal Farm Credit Bank	284,884	284,884		AAA	
Federal National Mortgage Association Discount Notes	894,240	894,240		AAA	12.28%
Federal National Mortgage Association Notes	885,653	885,653		AAA	12.16%
US Treasury Notes	271,666	271,666		AAA	
STAROhio	303,972	303,972		AAAm	
Totals	\$7,283,515	\$6,534,565	\$748,950		

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

B. 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.

C. Credit Risk

The S&P and Moody 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 service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

D. 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in calendar year 2009 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, 2009
(Continued)**

6. PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property tax) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. 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, 2009, are available to finance fiscal year 2009 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, 2009 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, 2009 was \$304,441 in the General Fund and \$31,903 in the Note Retirement Debt Service Fund. The amount available as an advance at June 30, 2008 was \$348,445 in the General Fund and \$52,614 in the Note Retirement Debt Service Fund.

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 2009 taxes were collected are:

	2008 Second – Half Collections		2009 First - Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$2,075,357,540	90.28%	\$2,144,040,240	97.29%
Public Utility Personal	60,394,430	2.63	59,677,640	2.71
General Business Personal	162,903,566	7.09		0.00
Total	\$2,298,655,536	100.00%	\$2,203,717,880	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$5.35		\$5.18	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

7. RECEIVABLES

Receivables at June 30, 2009, consisted of property taxes, accounts receivable (tuition, charges for services, and student fees), intergovernmental receivables (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.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
Tuition and Fees	\$ 77,469
Adult Full Service Center Grant	1,063
Tech Prep Grant	3,600
Miscellaneous State Grants	4,525
ABLE Grant	24,981
Carl Perkins Grant	35,727
Title II-A	6,797
Total Intergovernmental Receivable	\$154,162

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2009, was as follows:

	Balance At 6/30/2008	Additions	Deletions	Balance At 6/30/2009
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,173,459			\$ 1,173,459
Construction in Progress	252,398		(\$252,398)	
Total Capital Assets Not Being Depreciated	1,425,857		(252,398)	1,173,459
Depreciable Capital Assets:				
Buildings and Improvements	12,017,697	\$404,265		12,421,962
Furniture, Fixtures, and Equipment	7,094,507	289,963	(248,065)	7,136,405
Vehicles	250,704	35,296	(3,500)	282,500
Total Depreciable Capital Assets	19,362,908	729,524	(251,565)	19,840,867
Less Accumulated Depreciation:				
Buildings and Improvements	(2,646,949)	(172,373)		(2,819,322)
Furniture, Fixtures, and Equipment	(4,096,714)	(329,412)	194,289	(4,231,837)
Vehicles	(206,997)	(11,602)	3,500	(215,099)
Total Accumulated Depreciation	(6,950,660)	(513,387) *	197,789	(7,266,258)
Depreciable Capital Assets, Net	12,412,248	216,137	(53,776)	12,574,609
Governmental Activities Capital Assets, Net	\$13,838,105	\$216,137	(\$306,174)	\$13,748,068

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

8. CAPITAL ASSETS (Continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 42,855
Special	4,560
Vocational	298,081
Adult/Continuing	18,358
Support Services:	
Pupils	11,658
Instructional Staff	3,519
Administration	31,927
Fiscal	545
Business	747
Operation and Maintenance of Plant	71,165
Pupil Transportation	8,027
Central	9,872
Operation of Non-Instructional Services	12,073
Total Depreciation Expense	<u>\$513,387</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 2009, 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 2009, 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, 2009
(Continued)**

9. RISK MANAGEMENT (Continued)

C. Workers' Compensation

For fiscal year 2009, 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 obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.84 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$196,551, \$185,389, and \$210,391, respectively; 99.44 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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, 2009
(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 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, 2009, 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, 2009, 2008, and 2007 were, \$1,657,331, \$1,604,167, and \$1,555,064, respectively; 90.07 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$68,048 made by the School District and \$37,524 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, 2009, five 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, 2009
(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 2009, 4.16 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 2009, 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, 2009, 2008, and 2007 were \$132,779, \$125,440, and \$109,424, respectively; 99.44 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$16,217, \$13,358, and \$14,307, respectively; 99.44 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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, 2009
(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 2009, 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, 2009, 2008, and 2007 were \$127,487, \$123,397, and \$119,620, respectively; 90.07 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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, 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 2009 were as follows:

	<u>Outstanding 6/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 6/30/09</u>	<u>Due in One Year</u>
Governmental Activities:					
Compensated Absences	<u>\$1,320,070</u>	<u>\$259,183</u>	<u>\$181,190</u>	<u>\$1,398,063</u>	<u>\$80,400</u>

Compensated Absences will be paid from the following: General Fund and 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 \$276,144,730 and the unvoted debt margin was \$3,070,866 at June 30, 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. NOTES PAYABLE

During fiscal year 2009 the School District paid \$1,230,000 against the \$1,900,000 note and refinanced the remaining \$670,000 into a new note. The note matures on November 24, 2009 and will be repaid from the Building Capital Project Fund

<u>Types / Issues</u>	<u>Balance 6/30/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2009</u>
3.75% Bond Anticipation Note	\$1,900,000	\$670,000	\$1,900,000	\$670,000

15. INTERFUND ASSETS/LIABILITIES AND TRANSFER

<u>Interfund Payable</u>	<u>Interfund Receivable</u>			<u>Total</u>
	<u>General</u>	<u>Internal Service</u>	<u>Other Governmental</u>	
General		\$24,467		\$24,467
Adult Education			\$943	943
Other Governmental	\$16,675			16,675
Total	\$16,675	\$24,467	\$943	\$42,085

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.

The General Fund had transfers-out to the Adult Education and Other Governmental Funds of \$25,000 and \$98,758 respectively. Transfers are made to move General Fund revenues that are used to subsidize various programs in other funds. The transfer of \$1,305,367 from Other Governmental Funds was done to move money to pay the obligation from the fund that originally received the debt proceeds between other governmental funds.

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 2009, the School District paid \$176,927 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

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

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 2009, the School District paid \$2,076 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.

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 \$92,406 for services provided during the fiscal year. Financial information can be obtained from L.H. "Sonny" Ivey, 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 eleven 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

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

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 fifty-five 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 that 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 other 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.

	Textbooks and Instructional Materials	Capital Improvements
Set-aside Reserve Balance as of June 30, 2008	\$52,305	
Current Fiscal Year Set-aside Requirement	198,248	\$198,248
Qualifying Disbursements	(240,558)	(215,443)
Total	\$9,995	(\$ 17,195)
Set-aside Reserve Balance as of June 30, 2009	\$9,995	\$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, 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

18. CONTINGENCIES (Continued)

B. Litigation

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

19. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2009, the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Balance at 6/30/2009</u>
Snyder's	Install Flooring	\$ 5,285
Interface Floor Commercial	Install Flooring	5,334
Becker's Electric	Learning Resource Center Renovations	8,630
Continental Office Environment	Learning Resource Center Furnishings	49,483
Totals		<u>\$68,732</u>

20. SUBSEQUENT EVENT

On November 3, 2009, the School District passed a bond issue for paying local cost under the State of Ohio Vocational Facilities Assistance Program. The bonds will be issued by the School District in the principal amount of \$7,287,961 to be repaid annually over a maximum period of nine years.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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						
Rural Business Enterprise Grants		10.769	\$68,881			
<i>Passed Through Ohio Department of Education</i>						
<i>Child Nutrition Cluster:</i>						
<i>Non Cash Assistance:</i>						
National School Lunch Program		10.555		\$21,926		\$21,926
<i>Cash Assistance:</i>						
School Breakfast Program		10.553	26,074		\$26,074	
National School Lunch Program		10.555	100,842		100,842	
Cash Assistance Subtotal			<u>126,916</u>		<u>126,916</u>	
Total Child Nutrition Cluster			<u>126,916</u>	<u>21,926</u>	<u>126,916</u>	<u>21,926</u>
Total U.S. Department of Agriculture			<u>195,797</u>	<u>21,926</u>	<u>126,916</u>	<u>21,926</u>
U.S. Department of Education						
<i>Passed Through Ohio Department of Education</i>						
Adult Education-Basic Grants to States	062125-ABS1-2008	84.002	17,251		17,251	
	062125-ABS1-2009		156,233		156,233	
	062125-ABS2-2008		1,500		929	
	062125-ABS2-2009		21,065		30,518	
Total Adult Education-Basic Grant to States			<u>196,049</u>		<u>204,931</u>	
Career and Technical Education - Basic Grants to States	062125-20C1-2008	84.048	39,413		43,585	
	062125-20C1-2009		239,070		235,842	
	062125-20C2-2008				199	
	062125-20C2-2009		129,734		129,734	
Total Career and Technical Education - Basic Grants to States			<u>408,217</u>		<u>409,360</u>	
Safe and Drug-Free Schools and Communities	062125-DRS1-2008	84.186				
	062125-DRS1-2009		4,393		4,393	
Total Safe and Drug-Free Schools and Communities State Grants			<u>4,393</u>		<u>4,393</u>	
State Grants for Innovative Programs	062125-C2S1-2008	84.298	94		599	
	062125-C2S1-2009		4,457		4,469	
Total State Grants for Innovative Programs			<u>4,551</u>		<u>5,068</u>	
Improving Teacher Quality State Grants	062125-TRS1-2008	84.367				
	062125-TRS1-2009		3,700		3,377	
Total Improving Teacher Quality State Grants			<u>3,700</u>		<u>3,377</u>	
Direct Program						
Student Financial Assistance Cluster:						
Federal Pell Grant Program		84.063	241,755		241,755	
Federal Family Education Loans		84.032	370,209		370,209	
Total Pell Education Grant			<u>611,964</u>		<u>611,964</u>	
Total U.S. Department of Education			<u>1,228,874</u>		<u>1,239,093</u>	
Total Federal Assistance			<u>\$1,424,671</u>	<u>\$21,926</u>	<u>\$1,366,009</u>	<u>\$21,926</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 EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (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.



Mary Taylor, CPA

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, the major funds, 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, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2009. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the District's management in a separate letter dated December 28, 2009.

Compliance and Other Matters

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

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated December 28, 2009.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 28, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Upper Valley Joint Vocational School District (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 apply to each of its major federal programs for the year ended June 30, 2009. 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 the 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of 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 District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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**Internal Control Over Compliance
(Continued)**

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

December 28, 2009

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.048: Career and Technical Education – Basic Grants to States
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA

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.
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 requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 4) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
 - 5) 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;

- 6) 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.
3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A procedure for reporting prohibited incidents;
 - 2) 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;
 - 3) A procedure for documenting any prohibited incident that is reported;
 - 4) A procedure for responding to and investigating any reported incident.

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

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



Mary Taylor, CPA
Auditor of State

December 28, 2009



Mary Taylor, CPA
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
JANUARY 26, 2010**