



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Upper Valley Joint Vocational School District, Miami County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Upper Valley Joint Vocational School District, Miami County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State
November 30, 2000

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UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,935,668	\$231,849	\$805,259
Cash and Cash Equivalents in Segregated Accounts	56	0	0
Receivables:			
Property and Other Taxes	6,883,837	0	0
Accounts	4,779	44,331	0
Intergovernmental	29,997	91,471	0
Interfund	306,450	0	0
Due From Other Funds	624	0	0
Prepaid Items	19,187	0	0
Inventory of Supplies and Materials	1,455	0	0
Inventory Held for Resale	0	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	445,574	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
Assets Held for Resale	155,909	0	0
Other Debits:			
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0
Total Assets and Other Debits	\$11,783,536	\$367,651	\$805,259
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts Payable	\$189,125	\$32,649	\$557
Accrued Wages and Benefits Payable	666,360	74,644	0
Compensated Absences Payable	15,289	0	0
Interfund Payable	0	299,450	2,500
Due to Other Funds	22,516	7,251	0
Intergovernmental Payable	112,009	15,512	0
Deferred Revenue	6,710,181	0	0
Due to Students	0	0	0
Claims Payable	0	0	0
Applied Technology Loan Payable	0	0	0
Energy Conservation Loan Payable	0	0	0
Total Liabilities	7,715,480	429,506	3,057
Fund Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	483,855	38,532	4,829
Reserved for Inventory	1,455	0	0
Reserved for Property Taxes	174,996	0	0
Reserved for Unclaimed Monies	1,166	0	0
Reserved for Textbooks and Instructional Materials	115,293	0	0
Reserved for Capital Improvements	131,728	0	0
Reserved for Budget Stabilization	198,553	0	0
Designated for Textbooks and Instructional Materials	510	0	0
Designated for Capital Improvements	70,140	0	0
Designated for Budget Stabilization	41,297	0	0
Unreserved, Undesignated (deficit)	2,849,063	(100,387)	797,373
Total Fund Equity and Other Credits	4,068,056	(61,855)	802,202
Total Liabilities, Fund Equity and Other Credits	\$11,783,536	\$367,651	\$805,259

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	
\$111,963	\$646,786	\$59,602	\$0	\$0	\$5,791,127
0	0	0	0	0	56
0	0	0	0	0	6,883,837
7,433	7,856	1,166	0	0	65,565
2,675	0	0	0	0	124,143
0	0	0	0	0	306,450
4,032	25,183	0	0	0	29,839
0	3,044	0	0	0	22,231
462	0	0	0	0	1,917
19,192	53,843	0	0	0	73,035
0	0	0	0	0	445,574
1,694	0	0	12,861,390	0	12,863,084
0	0	0	0	0	155,909
0	0	0	0	1,116,750	1,116,750
<u>\$147,451</u>	<u>\$736,712</u>	<u>\$60,768</u>	<u>\$12,861,390</u>	<u>\$1,116,750</u>	<u>\$27,879,517</u>
\$10,233	\$960	\$119	\$0	\$0	\$233,643
2,938	0	0	0	0	743,942
7,749	588	0	0	734,050	757,676
4,500	0	0	0	0	306,450
72	0	0	0	0	29,839
5,582	13	0	0	16,975	150,091
267	0	0	0	0	6,710,448
0	0	42,782	0	0	42,782
0	94,332	0	0	0	94,332
0	0	0	0	205,725	205,725
0	0	0	0	160,000	160,000
<u>31,341</u>	<u>95,893</u>	<u>42,901</u>	<u>0</u>	<u>1,116,750</u>	<u>9,434,928</u>
0	0	0	12,861,390	0	12,861,390
169,666	0	0	0	0	169,666
(53,556)	640,819	0	0	0	587,263
0	0	0	0	0	527,216
0	0	0	0	0	1,455
0	0	0	0	0	174,996
0	0	0	0	0	1,166
0	0	0	0	0	115,293
0	0	0	0	0	131,728
0	0	0	0	0	198,553
0	0	0	0	0	510
0	0	0	0	0	70,140
0	0	0	0	0	41,297
0	0	17,867	0	0	3,563,916
<u>116,110</u>	<u>640,819</u>	<u>17,867</u>	<u>12,861,390</u>	<u>0</u>	<u>18,444,589</u>
<u>\$147,451</u>	<u>\$736,712</u>	<u>\$60,768</u>	<u>\$12,861,390</u>	<u>\$1,116,750</u>	<u>\$27,879,517</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Governmental Funds</u>				<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expensible Trust</u>	
Revenues:						
Property and Other Taxes	\$6,376,200	\$0	\$0	\$0	\$0	\$6,376,200
Tuition and Fees	14,014	1,022,739	0	0	0	1,036,753
Interest	276,808	0	0	43,645	1,158	321,611
Intergovernmental	5,405,727	1,610,526	0	15,000	0	7,031,253
Rent	6,215	0	0	0	0	6,215
Gifts and Donations	0	0	0	0	22,500	22,500
Customer Services	85,719	19,448	0	0	0	105,167
Miscellaneous	28,056	11,441	0	0	0	39,497
Total Revenues	<u>12,192,739</u>	<u>2,664,154</u>	<u>0</u>	<u>58,645</u>	<u>23,658</u>	<u>14,939,196</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,091,409	1,358	0	0	0	1,092,767
Special	384,288	0	0	0	0	384,288
Vocational	5,740,666	227,283	0	0	0	5,967,949
Adult/Continuing	0	1,660,315	0	0	16,032	1,676,347
Other	0	18,354	0	0	0	18,354
Support Services:						
Pupils	622,088	313,134	0	0	0	935,222
Instructional Staff	115,122	183,308	0	0	0	298,430
Board of Education	38,929	0	0	0	0	38,929
Administration	1,180,723	361,534	0	0	0	1,542,257
Fiscal	355,289	581	0	0	0	355,870
Business	121,728	65	0	0	0	121,793
Operation and Maintenance of Plant	958,012	56,561	0	0	0	1,014,573
Pupil Transportation	34,461	92	0	0	0	34,553
Central	370,634	134,937	0	10,684	0	516,255
Operation of Non-Instructional Services	34,419	217	0	5,346	0	39,982
Extracurricular Activities	29,559	0	0	0	0	29,559
Capital Outlay	281,159	0	0	38,760	0	319,919
Debt Service:						
Principal Retirement	52,500	0	31,650	0	0	84,150
Interest and Fiscal Charges	11,337	0	0	0	0	11,337
Total Expenditures	<u>11,422,323</u>	<u>2,957,739</u>	<u>31,650</u>	<u>54,790</u>	<u>16,032</u>	<u>14,482,534</u>
Excess of Revenues Over (Under) Expenditures	<u>770,416</u>	<u>(293,585)</u>	<u>(31,650)</u>	<u>3,855</u>	<u>7,626</u>	<u>456,662</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	10,455	0	0	0	0	10,455
Operating Transfers In	0	77,871	31,650	0	0	109,521
Operating Transfers Out	(109,521)	0	0	0	0	(109,521)
Total Other Financing Sources (Uses)	<u>(99,066)</u>	<u>77,871</u>	<u>31,650</u>	<u>0</u>	<u>0</u>	<u>10,455</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	671,350	(215,714)	0	3,855	7,626	467,117
Fund Balances at Beginning of Year	3,396,210	153,859	0	798,347	10,241	4,358,657
Increase in Reserve for Inventory	496	0	0	0	0	496
Fund Balances (Deficit) at End of Year	<u>\$4,068,056</u>	<u>(\$61,855)</u>	<u>\$0</u>	<u>\$802,202</u>	<u>\$17,867</u>	<u>\$4,826,270</u>

See Accompanying Notes to the General Purpose Financial Statements

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UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$5,855,476	\$6,412,027	\$556,551	\$0	\$0	\$0
Tuition and Fees	19,000	13,799	(5,201)	1,037,300	1,017,101	(20,199)
Interest	250,300	276,815	26,515	0	0	0
Intergovernmental	5,238,638	5,377,849	139,211	1,689,398	1,579,988	(109,410)
Rent	6,000	6,215	215	0	0	0
Gifts and Donations	0	0	0	0	0	0
Customer Services	83,600	93,407	9,807	2,000	19,448	17,448
Miscellaneous	24,125	29,211	5,086	23,300	14,452	(8,848)
Total Revenues	11,477,139	12,209,323	732,184	2,751,998	2,630,989	(121,009)
Expenditures:						
Current:						
Instruction:						
Regular	1,112,170	1,075,346	36,824	1,581	1,581	0
Special	386,596	372,713	13,883	0	0	0
Vocational	8,259,946	6,048,386	2,211,560	271,011	227,993	43,018
Adult/Continuing	0	0	0	1,710,502	1,661,483	49,019
Other	0	0	0	23,381	18,354	5,027
Support Services:						
Pupils	702,328	628,159	74,169	340,839	315,795	25,044
Instructional Staff	190,766	128,706	62,060	238,307	200,047	38,260
Board of Education	53,123	42,788	10,335	0	0	0
Administration	1,222,206	1,205,373	16,833	408,084	373,444	34,640
Fiscal	368,300	352,900	15,400	1,298	581	717
Business	122,100	121,025	1,075	60	60	0
Operation and Maintenance of Plant	1,191,276	1,034,306	156,970	62,149	58,434	3,715
Pupil Transportation	80,255	33,204	47,051	108	92	16
Central	519,221	456,591	62,630	152,996	146,580	6,416
Operation of Non-Instructional Services	114,586	74,051	40,535	245	245	0
Extracurricular Activities	29,929	27,637	2,292	0	0	0
Capital Outlay	334,051	328,635	5,416	300	0	300
Debt Service:						
Principal Retirement	52,500	52,500	0	0	0	0
Interest and Fiscal Charges	11,400	11,337	63	0	0	0
Total Expenditures	14,750,753	11,993,657	2,757,096	3,210,861	3,004,689	206,172
Excess of Revenues Over (Under) Expenditures	(3,273,614)	215,666	3,489,280	(458,863)	(373,700)	85,163
Other Financing Sources (Uses):						
Other Financing Uses	(239,763)	0	239,763	0	0	0
Proceeds from Sale of Fixed Assets	13,000	10,455	(2,545)	0	0	0
Refund of Prior Year Expenditures	6,500	1,461	(5,039)	9,500	10,423	923
Refund of Prior Year Receipts	(2,618)	(1,456)	1,162	0	0	0
Advances In	125,000	262,500	137,500	230,100	408,950	178,850
Advances Out	(440,000)	(438,950)	1,050	(12,000)	(239,500)	(227,500)
Operating Transfers In	0	0	0	88,249	77,871	(10,378)
Operating Transfers Out	(120,000)	(109,521)	10,479	(1,032)	0	1,032
Total Other Financing Sources (Uses)	(657,881)	(275,511)	382,370	314,817	257,744	(57,073)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,931,495)	(59,845)	3,871,650	(144,046)	(115,956)	28,090
Fund Balances at Beginning of Year	3,210,844	3,210,844	0	215,757	215,757	0
Prior Year Encumbrances Appropriated	590,652	590,652	0	65,196	65,196	0
Fund Balances (Deficit) at End of Year	(\$129,999)	\$3,741,651	\$3,871,650	\$136,907	\$164,997	\$28,090

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	39,545	43,645	4,100	1,036	1,158	122
0	0	0	64,610	15,000	(49,610)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	22,500	22,500	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	104,155	58,645	(45,510)	23,536	23,658	122
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	33,679	16,032	17,647
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	198	100	98
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,745	0	1,745	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	63,420	13,809	49,611	0	0	0
0	0	0	13,255	6,050	7,205	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	835,851	49,260	786,591	0	0	0
31,650	31,650	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
31,650	31,650	0	914,271	69,119	845,152	33,877	16,132	17,745
(31,650)	(31,650)	0	(810,116)	(10,474)	799,642	(10,341)	7,526	17,867
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	2,500	2,500	0	0	0
0	0	0	0	0	0	0	0	0
31,650	31,650	0	2,270	0	(2,270)	0	0	0
0	0	0	0	0	0	0	0	0
31,650	31,650	0	2,270	2,500	230	0	0	0
0	0	0	(807,846)	(7,974)	799,872	(10,341)	7,526	17,867
0	0	0	777,127	777,127	0	10,241	10,241	0
0	0	0	30,720	30,720	0	100	100	0
\$0	\$0	\$0	\$1	\$799,873	\$799,872	\$0	\$17,867	\$17,867

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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues:			
Sales	\$378,883	\$0	\$378,883
Charges for Services	0	824,565	824,565
Other Operating Revenues	0	27,677	27,677
Total Operating Revenues	378,883	852,242	1,231,125
Operating Expenses:			
Salaries and Wages	108,206	5,725	113,931
Fringe Benefits	29,698	1,557	31,255
Purchased Services	95	125,643	125,738
Supplies and Materials	2,038	0	2,038
Cost of Sales	260,362	106,548	366,910
Claims	0	695,557	695,557
Depreciation	4,247	0	4,247
Other Operating Expenses	113	3	116
Total Operating Expenses	404,759	935,033	1,339,792
Operating Loss	(25,876)	(82,791)	(108,667)
Non-Operating Revenues			
Interest	134	36,064	36,198
Federal and State Subsidies	14,884	0	14,884
Federal Donated Commodities	6,165	0	6,165
Total Non-Operating Revenues	21,183	36,064	57,247
Net Loss	(4,693)	(46,727)	(51,420)
Retained Earnings (Deficit) at Beginning of Year	(48,863)	687,546	638,683
Retained Earnings (Deficit) at End of Year	(53,556)	640,819	587,263
Contributed Capital at Beginning and End of Year	169,666	0	169,666
Fund Equity at End of Year	\$116,110	\$640,819	\$756,929

See Accompanying Notes to the General Purpose Financial Statements

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Sales	\$381,375	\$376,254	(\$5,121)	\$0	\$0	\$0
Charges for Services	0	0	0	823,300	795,692	(27,608)
Federal and State Subsidies	16,575	14,793	(1,782)	0	0	0
Interest	750	134	(616)	35,000	36,064	1,064
Other Operating Revenues	0	0	0	15,000	27,677	12,677
Total Revenues	398,700	391,181	(7,519)	873,300	859,433	(13,867)
Expenses:						
Salaries and Wages	115,350	107,288	8,062	5,700	5,688	12
Fringe Benefits	30,640	30,417	223	1,600	1,555	45
Claims	0	0	0	1,275,366	650,553	624,813
Purchased Services	575	95	480	130,000	126,592	3,408
Supplies and Materials	351,677	264,730	86,947	119,331	93,652	25,679
Other Operating Expenses	250	113	137	25	3	22
Total Expenses	498,492	402,643	95,849	1,532,022	878,043	653,979
Excess of Revenues Under Expenses Before Advances	(99,792)	(11,462)	88,330	(658,722)	(18,610)	640,112
Advances In	0	11,500	11,500	0	16,000	16,000
Advances Out	0	(7,000)	(7,000)	0	(16,000)	(16,000)
Excess of Revenues Under Expenses And Advances	(99,792)	(6,962)	92,830	(658,722)	(18,610)	640,112
Fund Equity at Beginning of Year	84,135	84,135	0	651,918	651,918	0
Prior Year Encumbrances Appropriated	15,657	15,657	0	6,804	6,804	0
Fund Equity at End of Year	\$0	\$92,830	\$92,830	\$0	\$640,112	\$640,112

See Accompanying Notes to the General Purpose Financial Statements

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

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	PROPRIETARY FUND TYPES		TOTAL (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$376,254	\$0	\$376,254
Other Operating Cash Receipts	0	27,677	27,677
Cash Received from Quasi-External Transactions with Other Funds	0	795,692	795,692
Cash Payments for Employee Services and Benefits	(137,704)	(7,244)	(144,948)
Cash Payments to Suppliers for Goods and Services	(245,693)	(213,569)	(459,262)
Cash Payments for Employee Medical Insurance Claims	0	(650,553)	(650,553)
Other Operating Expenses	(113)	(3)	(116)
Net Cash Used For Operating Activities	(7,256)	(48,000)	(55,256)
Cash Flows from Noncapital Financing Activities:			
Advances In	11,500	16,000	27,500
Advances Out	(7,000)	(16,000)	(23,000)
Federal and State Subsidies Received	14,793	0	14,793
Net Cash Provided By Noncapital Financing Activities	19,293	0	19,293
Cash Flows from Investing Activities:			
Interest	134	36,064	36,198
Net Cash Provided By Investing Activities	134	36,064	36,198
Net Increase (Decrease) in Cash and Cash Equivalents	12,171	(11,936)	235
Cash and Cash Equivalents Beginning of Year	99,792	658,722	758,514
Cash and Cash Equivalents End of Year	\$111,963	\$646,786	\$758,749
Reconciliation of Operating Loss to Net Cash Used For Operating Activities:			
Operating Loss	(\$25,876)	(\$82,791)	(\$108,667)
Adjustments to Reconcile Operating Loss to Net Cash Provided Used For Operating Activities:			
Depreciation	4,247	0	4,247
Donated Commodities Received	6,165	0	6,165
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(258)	(4,777)	(5,035)
Increase in Prepays	0	(949)	(949)
Decrease in Intergovernmental Receivable	1,413	0	1,413
Increase in Due From Other Funds	(3,784)	(24,096)	(27,880)
Decrease Supplies and Materials Inventory	112	0	112
Decrease in Inventory Held for Resale	1,879	19,893	21,772
(Increase) Decrease in Accounts Payable	8,576	(273)	8,303
Increase in Accrued Wages and Benefits Payable	204	0	204
Increase in Claims Payable	0	45,004	45,004
Increase (Decrease) in Intergovernmental Payable	(720)	2	(718)
Increase in Due to Other Funds	72	0	72
Increase (Decrease) in Compensated Absences Payable	714	(13)	701
Net Cash Used For Operating Activities	(7,256)	(48,000)	(55,256)

See Accompanying Notes to the General Purpose Financial Statements

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under an elected eleven member Board of Education responsible for providing vocational job training to residents of the participating districts. The School District employs 296 certified teaching personnel, including 14 administrators, and 113 classified staff members who annually serve approximately 2,151 secondary students and 9,515 adult students.

A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The jointly governed organization consists of all funds, departments, boards and agencies that are not legally separate from the District. For Upper Valley Joint Vocational School District, this includes general operations, food service, preschool and student related activities of the 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 assumed 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 for which the School District approves the budget, the levying of taxes or the issuance of debt.

The School District does not have any component units.

The School District is associated with four organizations, three of which are defined as jointly governed organizations, and one as a group purchasing pool. These organizations include the Southwestern Ohio Educational Purchasing Council (SOEPC), the Southwestern Ohio Instructional Technology Association (SOITA), Western Ohio Computer Organization (WOCO), and the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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 proprietary activities 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 - Fund Accounting

The Upper Valley Joint Vocational School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial 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 recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

1. Governmental Fund Types:

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

General Fund

This 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.

Special Revenue Funds

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

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

Capital Projects Funds

These funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

2. Proprietary Fund Types:

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

Enterprise Funds

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

Internal Service Funds

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

3. Fiduciary Fund Types:

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

Expendable Trust Funds

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

Agency Funds

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Account Groups:

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

General Fixed Assets Account Group (GFAAG)

The GFAAG accounts for all fixed assets of the School District except for those accounted for in proprietary funds.

General Long-Term Debt Account Group (GLTDAG)

The GLTDAG accounts for all unmatured principal on general long-term debt except that which is accounted for in proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types, and expendable trust funds, are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue. Accounts receivables in some instances, are recorded as deferred revenue because they do not meet the availability criteria.

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

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the function level within the General Fund and the fund level for all other funds. The financial statements are presented at more detail than the legal level of control for the Special Revenue, Debt Service, Capital Projects, Expendable Trust, Enterprise, and Internal Service Fund Types. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

1. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources.

The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during the fiscal year 2000.

3. Appropriations

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

4. Encumbrances

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP) basis.
- b. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP) basis.
- c. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP) basis.
- d. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP) basis.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	General Fund	Special Revenue Fund	Capital Project Fund	Expendable Trust Fund
GAAP Basis	\$671,350	(\$215,714)	\$3,855	\$7,626
Revenue Accruals	18,045	(22,742)	0	0
Expenditures Accruals	84,243	21,164	(10,204)	0
Prepaid Items	(17,441)	0	0	100
Encumbrances	(639,592)	(68,114)	(4,125)	0
Advances In	262,500	408,950	2,500	0
Advances Out	<u>438,950</u>	<u>239,500</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>(\$59,845)</u>	<u>(\$115,956)</u>	<u>(\$7,974)</u>	<u>\$7,526</u>

**Net Loss/Excess of Revenues
(Under) Expenses
Proprietary Fund Types**

	Enterprise Fund	Internal Service Fund
GAAP Basis	(\$4,693)	(\$46,727)
Revenue Accrual	(2,720)	(28,873)
Expense Accruals	12,828	83,557
Materials and Supplies	(112)	0
Inventory Held for Resale	(1,879)	(19,893)
Depreciation	4,247	0
Advances In	11,500	0
Advances Out	(7,000)	0
Encumbrances	<u>(19,133)</u>	<u>(6,674)</u>
Budget Basis	<u>(\$6,962)</u>	<u>(\$18,610)</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is deposited into one of three bank accounts. All monies received for state and federal grants are deposited into the Federal Funds Account, all monies received for the Student Activity Funds are deposited into the Student Activity Account. All other monies, including proprietary funds are deposited in the general account. Monies in the general account are used to purchase short term investments. Individual fund integrity is maintained through School District records. During fiscal year 2000, investments were limited to StarOhio. Investment earnings are allocated as authorized by State statute based upon School District policy. The Board of Education has passed a resolution to allow interest to be recorded in the following funds: General Fund, Permanent Improvement Capital Projects Fund, Lunchroom Enterprise Fund and Employee Benefit Self-Insurance Internal Service Fund. The Expendable Trust Funds also earn interest and are allocated interest earned accordingly.

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

The Upper Valley Joint Vocational School District has invested funds in the State Treasury Asset Reserve of Ohio (StarOhio) during fiscal year 2000. 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, 2000.

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 2000 amounted to \$276,808, which includes \$30,299 assigned from other School District Funds. The Permanent Improvement Capital Projects fund, the Expendable Trust Funds, the Lunchroom Enterprise Fund and the Employee Benefit Self-Insurance Internal Fund also received interest earnings in the amount of \$43,645, \$1,158, \$134 and \$36,064, respectively.

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

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the School District for the purchase of textbooks and instructional materials, capital improvements and to create a reserve for budget stabilization.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure is reported in the year in which services are consumed.

H. Assets Held For Resale

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

I. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of furniture and fixtures in the proprietary fund types is computed using the straight-line method over an estimated useful life of 10-20 years.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

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

Reimbursable Grants

General Fund

- Vocational Education Equipment

Special Revenue Fund

- Telecommunications E-Rate

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 47 percent of the School District's operating revenue during the 2000 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Assets/Liabilities

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

L. Compensated Absences

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

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Interfund Transactions

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance Reserves

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

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

P. Fund Designations

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations may arise when amounts set-aside for HB412 purposes exceed the statutory required amount. The amount designated this year for the School District is \$510 for textbooks/instructional materials, \$70,140 for capital improvements, and \$41,297 for budget stabilization.

Q. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded as their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during fiscal year 2000.

R. Total Columns on General Purpose Financial Statements

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

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 could differ from those estimates.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

3. COMPLIANCE AND ACCOUNTABILITY

The following funds had deficit fund balances/retained earnings at June 30, 2000:

Special Revenue Funds

Adult Education	\$53,148
Career Education	5,505
Adult Full Service Center	198
Adult Basic Education	32,334
Block Grants	1,629
Substance Abuse	27,020
Learn and Serve Ohio	4,762
Western Ohio Vocational Consortium	25

Enterprise Fund

Food Service	181,127
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The deficits were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

State statute permits interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debenture, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies of instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (StarOhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligation, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short sellings are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$5,466,648 and the bank balance was \$5,674,794. Of the bank balance, \$169,900 was covered by federal depository insurance and \$5,504,894 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation. All deposits were in institutions who are members of the Federal Reserve System.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparts trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments are limited to StarOhio, an investment pool operated by the Ohio State Treasurer, which is an unclassified investment since it is evidenced by securities that exist in physical or book entry form. StarOhio had a carrying value and a market value of \$769,694 at June 30, 2000.

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

	Cash and Cash Equivalents / Deposits	Investments
GASB Statement 9	\$6,236,757	\$0
Cash on Hand	(415)	0
Investments: StarOhio	<u>(769,694)</u>	<u>769,694</u>
GASB Statement 3	<u>\$5,466,648</u>	<u>\$769,694</u>

5. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

5. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) are for calendar 2000 taxes.

The 2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by state law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

The 2000 tangible personal property taxes are levied after April 1, 1999, on the value at December 31, 1999; with collections in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

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

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, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30, is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$174,996 in the General Fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

7. FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Beginning Balance	Additions	Deletions	Ending Balance
Land/Improvements	\$ 623,241	\$ -0-	\$ -0-	\$ 623,241
Buildings	5,428,927	217,659	-0-	5,646,586
Furniture/Equipment	6,012,018	662,565	343,440	6,331,143
Vehicles	<u>260,420</u>	<u>-0-</u>	<u>-0-</u>	<u>260,420</u>
Totals	<u>\$ 12,324,606</u>	<u>\$ 880,224</u>	<u>\$ 343,440</u>	<u>\$ 12,861,390</u>

A summary of the enterprise funds' fixed assets at June 30, 2000 follows:

Furniture and Fixtures	\$ 159,902
Accumulated Depreciation	<u>(158,208)</u>
Net Carrying Value	<u>\$ 1,694</u>

8. RISK MANAGEMENT

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 2000 the School District contracted with Nationwide Insurance Company for property and fleet insurance, liability insurance, and inland marine coverage.

Coverages provided by Nationwide Insurance are as follows:

Building & Contents Earthquake (\$1,000 deductible)	\$24,043,400
Inland Marine Coverage (\$1,000 deductible)	93,958
Electronic Data Processing (\$250 deductible)	750,000
Crime Insurance	65,000
Automobile Liability (\$500 deductible)	2,000,000
Uninsured Motorists (\$0 deductible)	2,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

8. RISK MANAGEMENT (Continued)

The School District has elected to provide employee medical/surgical benefits through a self-insurance internal service fund. The employees share the cost of the monthly premium with the board. The premium varies with each employee depending on the type of coverage they select. Premiums are paid into a self-insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. CoreSource is the District's third party administrator who informs the District of claim payments needed. The claims liability of \$94,332 reported in the Employee Benefit Self-Insurance Internal Service Fund at June 30, 2000 is based on an estimate provided by CoreSource and the requirements of GASB Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims	Claims Payments	Balance at Fiscal Year End
1999	64,147	570,177	(584,996)	49,328
2000	49,328	695,557	(650,553)	94,332

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

For fiscal year 2000, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, (GRP) an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The School District applies for participation each year. The firm Gates McDonald provides administrative, cost control, and actuarial services to the GRP. Each year, the School District pays 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 GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current 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 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employees are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$299,391, \$279,671, and \$253,262, respectively; 46.61 percent has been contributed for fiscal year 2000 and 100 percent for fiscal year 1999 and 1998. \$23,192 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the General Long-Term Debt Account Group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,761,572, 1,644,898, and \$1,559,424, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$102,742 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, 4 of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining Board members contribute to SERS.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

10. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$604,826 fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$102,562.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level of the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

11. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Health Care Benefits

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

12. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the District during fiscal year 2000, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Energy Conservation Loan	\$12,500	\$0	(\$12,500)	\$0
Energy Conservation Loan - Roof Replacement	200,000	0	(40,000)	160,000
Applied Technology Loan	<u>237,375</u>	<u>0</u>	<u>(31,650)</u>	<u>205,725</u>
Total Unvoted Long Term Loans	449,875	0	(84,150)	365,725
Other Long-Term Obligations				
Compensated Absences	612,460	121,590	0	734,050
Intergovernmental Payable	<u>16,553</u>	<u>16,975</u>	<u>(16,553)</u>	<u>16,975</u>
Total General Long-Term Obligations	<u>\$1,078,888</u>	<u>\$138,565</u>	<u>(\$100,703)</u>	<u>\$1,116,750</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

The Energy Conservation Loan - Roof Replacement will be paid from the General Fund. The Applied Technology Loan will be paid from the Bond Retirement Debt Service Fund via transfers from the General Fund. Compensated absences and intergovernmental payable will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available fund.

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

The School District's overall legal debt margin was \$189,374,241, the energy conservation debt margin was \$18,797,997 and the unvoted debt margin was \$2,106,444 at June 30, 2000.

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2000 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$71,650	\$8,560	\$80,210
2002	71,650	6,420	78,070
2003	71,650	4,280	75,930
2004	71,650	2,140	73,790
2005	31,650	0	31,650
2006 - 2007	<u>47,475</u>	<u>0</u>	<u>47,475</u>
Total	\$365,725	\$21,400	\$387,125

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

13. INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Due To / Due From Other Funds	Receivable	Payable
General Fund	\$624	\$22,516
Special Revenue Funds		
Adult Education Fund	0	6,138
Career Education Fund	0	640
Adult Basic Education Fund	0	460
Substance Abuse Fund	<u>0</u>	<u>13</u>
Total Special Revenue	0	7,251
Enterprise Funds		
Food Service Fund	103	0
Uniform School Supplies Fund	<u>3,929</u>	<u>72</u>
Total Enterprise Fund	4,032	72
Internal Service Funds		
Warehouse Fund	<u>25,183</u>	<u>0</u>
TOTAL	<u>\$29,839</u>	<u>\$29,839</u>

Interfund Receivables / Payables

General Fund	306,450	0
Special Revenue Fund		
Adult Full Service Center Fund	0	3,200
Career Education Fund	0	25,000
Adult Basic Education Fund	0	21,000
Carl D. Perkins Fund	0	53,600
Learn and Serve Ohio Fund	0	27,000
Adult Education Fund	0	125,000
Professional Development Block Grant Fund	0	150
Title VI Fund	0	3,500
Substance Abuse Fund	<u>0</u>	<u>41,000</u>
Total Special Revenue Fund	0	299,450
Capital Projects Fund		
Interactive Video Distance Learning Fund	0	2,500
Enterprise Fund		
Food Service Fund	<u>0</u>	<u>4,500</u>
TOTAL	<u>\$306,450</u>	<u>\$306,450</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

14. STATE SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,393,015 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, ". . . the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven ". . .major areas warrant further attention, study, and development by the General Assembly . . .", including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two Enterprise Funds to account for the operations of Food Service and Uniform School Supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Upper Valley Joint Vocational School District as of and for the fiscal year ended June 30, 2000.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service Fund	Uniform School Supplies Fund	Total
Operating Revenue	\$196,070	\$182,813	\$378,882
Depreciation Expense	4,247	0	4,247
Operating Income (Loss)	(30,457)	4,581	(25,876)
Donated Commodities	6,165	0	6,165
Interest	134	0	134
Federal and State Subsidies	14,884	0	14,884
Net Income (Loss)	(9,274)	4,581	(4,693)
Net Working Capital	(7,060)	129,225	122,165
Total Assets	7,881	139,570	147,451
Long-Term Liabilities (Payable From Revenue)	6,095	1,654	7,749
Total Equity	(11,461)	127,571	116,110
Encumbrances Outstanding at June 30, 2000	221	18,912	19,113

16. CONTINGENCIES

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, 2000.

17. JOINTLY GOVERNED ORGANIZATIONS

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

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2000, the Upper Valley Joint Vocational School District paid \$5,421 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS (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 the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2000, the School District paid \$4,086 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Western Ohio Computer Organization - The 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 within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid WOCO \$22,826 for services provided during the year. Financial information can be obtained from Louis Ivey, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

18. INSURANCE PURCHASING POOL

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

19. SET ASIDE CALCULATIONS AND FUND RESERVES

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 year-end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

	Textbooks	Capital Acquisition	Budget Stabilization	Total
June 30, 1999 Set-aside Reserve Balance	\$1,306	\$0	\$141,705	\$143,011
Current Year Set-aside Requirement	301,032	301,021	100,514	702,578
Current Year Offset	0	0	(43,666)	(43,666)
Qualifying Disbursements	<u>(187,045)</u>	<u>(169,304)</u>	<u>0</u>	<u>356,349</u>
Set-aside Reserve Balance Carried Forward to Future Years	<u>\$115,293</u>	<u>\$131,728</u>	<u>\$198,553</u>	<u>\$445,574</u>
June 30,2000 Set-aside Reserve Balance	<u>\$115,293</u>	<u>\$131,728</u>	<u>\$198,553</u>	<u>\$445,574</u>

The amounts presented in the above table represent the amounts of fund balance reserves for textbooks, capital acquisition and budget stabilization as of June 30, 2000.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR YEAR ENDED JUNE 30, 2000

Federal Grantor / Pass Through Grantor Program Title	Pass Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster: Food Distribution Program	Not Available	10.550	\$0	\$5,628	\$0	\$5,391
National School Lunch Program	03 & 04-PU-99 & 00	10.555	14,214	0	14,214	0
Total U.S. Department of Agriculture - Nutrition Cluster			14,214	5,628	14,214	5,391
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education:</i>						
Adult Education & Community Education	AB-S1-99 AB-S1-99 C AB-S1-00	84.002	21,934 19,134 69,000 110,068	0 0 0 0	21,934 19,134 69,000 110,068	0 0 0 0
Vocational Education- Basic Grants	20-A4-99 20-C1-99 20-C1-00 20-C2-99 20-C2-00	84.048	13,934 116,936 147,553 12,467 76,991 367,881	0 0 0 0 0 0	13,934 116,936 147,329 18,171 76,991 373,361	0 0 0 0 0 0
Sub-Total Vocational Education- Basic Grants						
<i>(Direct Payments from U.S. Department of Education)</i>						
Pell Education Grant	1310819594A1	84.063	96,138	0	96,683	0
<i>(Passed through Ohio Department of Education)</i>						
Drug Free Schools and Communities	DR-S1-99 DR-S1-00	84.186	8,757 22,383 31,140	0 0 0	23,411 22,383 45,794	0 0 0
Total Drug Free Schools and Communities						
GOALS 2000	G2-S3-99	84.276	0	0	76,229	0
Innovative Education Program Strategy	C2-S1-99 C2-S1-00	84.298	705 1,557 2,262	0 0 0	0 3,099 3,099	0 0 0
Learn and Serve America	SV-SP-98 SV-SP-99	94.004	19,144 24,188 43,332	0 0 0	9,121 44,672 53,793	0 0 0
Total Learn and Serve America						
Total U.S. Department of Education			650,821	0	759,027	0
U.S. DEPARTMENT OF LABOR						
<i>(Passed through Ohio Department of Education)</i>						
School to Work	WK-BE-96	17.249	16,848	0	16,848	0
<i>(Passed through Sinclair Community College)</i>						
School to Work	STW1997FED-STW	17.249	16,468	0	16,468	0
Total U.S. Department of Labor			33,316	0	33,316	0
Total Federal Assistance			\$698,351	\$5,628	\$806,557	\$5,391

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

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2000**

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards 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 -- FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 2000 the District had no significant food commodities in inventory.

NOTE C -- COMMINGLING OF FEDERAL MONIES

Several federal grant program monies were commingled with state and/or local revenues. It was assumed federal monies were expended first.

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

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

To the Board of Education:

We have audited the financial statements of Upper Valley Joint Vocational School District, Miami County, (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated November 30, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 30, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 30, 2000.

Upper Valley Joint Vocational School District
Miami County
Report of Independent Accountants on Compliance
and on Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

November 30, 2000



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

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

To the Board of Education:

Compliance

We have audited the compliance of Upper Valley Joint Vocational School District, Miami County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

JIM PETRO
Auditor of State

November 30, 2000

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

FOR THE YEAR ENDED JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education - Basic Grants to States 84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None



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UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 09, 2001**