



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Valley Joint Vocational School District, Miami County, (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Valley Joint Vocational School District, Miami County, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards expenditure is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 11, 2007

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The discussion and analysis of Upper Valley Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

- In total, net assets increased \$1,360,226, which represents a 7 percent increase from fiscal year 2006.
- General revenues accounted for \$15,980,596, or 70.8 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$6,595,135, or 29.2 percent of total revenues of \$22,575,731.
- The School District had \$21,215,505 in expenses; only \$6,595,135 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and unrestricted grants and entitlements) of \$15,980,596 were adequate to provide for these programs.
- Among major funds, the General Fund had \$17,336,908 in revenues and \$17,287,878 in expenditures. The General Fund's balance decreased \$43,308 over fiscal year 2006.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

In the Statement of Net Assets and the Statement of Activities all of the School District's programs and services are reported as governmental activities including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does have internal service funds that are accounted for as governmental activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Adult Education Fund, the Note Retirement Fund, and the Building Fund.

Governmental Funds

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

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

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the School District's other funds and departments.

Fiduciary Funds

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for fiscal year 2007 compared to fiscal year 2006:

Table 1			
Net Assets			
	2007	2006	Change
Assets:			
Current Assets	\$21,035,380	\$21,255,734	(\$ 220,354)
Capital Assets	13,593,776	13,148,140	445,636
Total Assets	34,629,156	34,403,874	225,282
Liabilities:			
Long-Term Liabilities	3,182,142	5,051,662	(1,869,520)
Other Liabilities	10,730,432	9,995,856	734,576
Total Liabilities	13,912,574	15,047,518	(1,134,944)
Net Assets:			
Invested in Capital Assets, Net of Related Debt	10,560,247	9,330,735	1,229,512
Restricted	3,369,684	3,013,431	356,253
Unrestricted	6,786,651	7,012,190	(225,529)
Total Net Assets	\$20,716,582	\$19,356,356	\$1,360,226

Total net assets increased \$1,360,226, from fiscal year 2006. Total assets of governmental activities increased by \$225,282, as current assets decreased by \$220,354, mainly due to a decrease in property taxes receivable related to the ongoing phase out of tangible personal property tax. Capital assets increased by \$445,636 as the School continues to renovate and purchase new equipment. The decrease in total liabilities was due to the payment of the Applied Technology Center Construction Loan and the retirement of \$1,230,000 of the School Improvement Bond Anticipation Note.

Invested in capital assets net of related debt increased due to the purchase of new equipment accompanied with the payoff of \$1,230,000 of the School Improvement note. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the School District, decreased by \$225,539. During fiscal year 2006, this decrease was \$225,870 an almost identical change, showing that the School District revenues and expense are holding constant. Beginning unrestricted net assets of \$7,012,190 are sufficient to cover the decrease.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

Table 2 shows the changes in net assets for fiscal year 2007 compared to fiscal year 2006.

**Table 2
Changes in Net Assets**

	2007	2006	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,002,340	\$ 1,663,184	\$339,156
Operating Grants and Contributions	4,592,795	4,752,749	(159,954)
Capital Grants, Contributions and Interest		91,641	(91,641)
Total Program Revenues	<u>6,595,135</u>	<u>6,507,574</u>	<u>87,561</u>
General Revenues:			
Property Taxes	7,981,133	8,767,436	(786,303)
Grants and Entitlements	7,188,822	5,809,451	1,379,371
Investment Earnings	703,192	409,233	293,959
Gifts and Donations	58,560	59,914	(1,354)
Miscellaneous	48,889	34,051	14,838
Total General Revenues	<u>15,980,596</u>	<u>15,080,085</u>	<u>900,511</u>
Total Revenues	<u>22,575,731</u>	<u>21,587,659</u>	<u>988,072</u>
Program Expenses:			
Instruction:			
Regular	1,762,296	1,751,592	10,704
Special	1,101,433	1,127,495	(26,062)
Vocational	8,909,579	8,634,473	275,106
Adult/Continuing	1,520,635	1,521,804	(1,169)
Student Intervention Services	44,449		44,449
Support Services:			
Pupils	1,420,811	1,434,480	(13,669)
Instructional Staff	231,319	288,438	(57,119)
Board of Education	44,195	40,266	3,929
Administration	2,205,624	2,142,995	62,629
Fiscal	575,885	565,858	10,027
Business	148,833	143,917	4,916
Operation and Maintenance of Plant	1,440,999	1,407,458	33,541
Pupil Transportation	62,969	41,886	21,083
Central	678,860	711,784	(32,924)
Operation of Non-Instructional Services	822,045	636,356	185,689
Extracurricular Activities	62,055	52,637	9,418
Interest and Fiscal Charges	183,518	179,269	4,249
Total Expenses	<u>21,215,505</u>	<u>20,680,708</u>	<u>\$534,797</u>
Change in Net Assets	1,360,226	906,951	
Net Assets at Beginning of Year	19,356,356	18,449,405	
Net Assets at End of Year	<u>\$20,716,582</u>	<u>\$19,356,356</u>	

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes made up 35.4 percent of revenues for governmental activities for the Upper Valley Joint Vocational School District for fiscal year 2007.

Instruction comprises 62.9 percent of School District expenses. Support services expenses make up 32.1 percent of the expenses.

The significant increase in investment earnings was due to an increase in interest rates and a more aggressively "managed" investment program.

Charges for services increased by \$339,156 from fiscal year 2006. This was due primarily to an increase in adult enrollment and programming as a result of employment reductions and closings by several local businesses.

The decrease in property tax revenue was the result of the phase out of the personal property tax. The State is reimbursing local governments for this loss. The School District received approximately \$790,000 in personal property tax reimbursements during fiscal year 2007. This accompanied with the increase in enrollment leading to an increase in State Foundation payments explains the increase in grants and entitlements.

Overall expense remained constant, increasing only \$534,797. This is a result of tight budgetary monitoring.

The Statement of Activities shows the cost of program services and the charges for services and grants, contributions and interest offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006
Instruction	\$13,338,392	(\$8,449,961)	\$13,035,364	(\$8,438,776)
Support Services	6,809,495	(5,863,957)	6,777,082	(5,459,453)
Operation of Non- Instructional Services	822,045	(60,879)	636,356	(42,999)
Extracurricular Activities	62,055	(62,055)	52,637	(52,637)
Interest and Fiscal Charges	183,518	(183,518)	179,269	(179,269)
Total Expenses	\$21,215,505	(\$14,620,370)	\$20,680,708	(\$14,173,134)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$22,541,631 and expenditures of \$23,482,456. The net change in fund balance for the year in the General Fund, Adult Education Fund, Note Retirement Fund and Building Fund were (\$43,308), \$340,039, (\$148,893) and (\$1,132,079), respectively.

The net change in fund balance in the General Fund was minimal, and was caused by continuing to tightly monitor expenditures. The increase in the Adult Education Fund was the result of an increase in enrollment which led to an increase in tuition and fees. The decrease in fund balance in the Note Retirement Fund was caused by the required debt payments exceeding revenues. Although expenditures exceeded revenues, fund balance was enough to cover the payments. The Building Fund reflects expenditures for construction, equipment and furnishing contracts for the Science and Technology addition. The decrease was due to the requirement to record debt in the fund that originally received the proceeds. The deficit will be alleviated when the debt is paid off.

General Fund Budgeting Highlights

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

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

During fiscal year 2007, the General Fund had a final budget of \$6,574,189 and \$9,957,945 for property taxes and intergovernmental revenues, respectively. The General Fund received \$7,017,459 in property tax revenue, and \$9,766,877 in intergovernmental revenue which accounts for 96 percent of General Fund revenues. The variance in property taxes reflects conservative estimates for Tangible Personal Property Taxes due to the uncertainty of the initial impact of the phase-out of the tax. The intergovernmental revenues variance reflects the effect of the implementation of a second ADM student enrollment count, on which State funding is based, initiated in February to adjust State funding for attrition in enrollment during the school year.

The School District budgeted \$25,538,923 for expenditures, but expended only \$18,362,720, a difference of \$7,176,203. The majority of the difference was in vocational instruction. This was due primarily to prioritizing vocational equipment on the basis of need and funds availability. Funds were budgeted to insure availability for unforeseen circumstances during the building expansion process. Fortunately, the Building Fund had sufficient resources and the budgeted General Fund dollars weren't needed to help pay for the expansion and renovation projects. The School District's ending un-obligated cash balance was \$7,808,994 above the final budgeted amount.

For the General Fund, the original and final budgeted receipt estimates had a variance of \$120,000. Original and final budgeted expenditures had a variance in total of only \$46.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

Capital Assets

At the end of fiscal year 2007, the School District had \$13,593,776 invested in land, construction in progress, buildings and improvements, furniture, fixtures, and equipment, and vehicles.

Table 4 shows fiscal year 2007 balances compared to fiscal year 2006.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	<u>2007</u>	<u>2006</u>
Land	\$ 1,173,459	\$ 1,173,459
Construction in Progress	132,536	55,361
Buildings and Improvements	9,106,554	9,158,191
Furniture, Fixtures, and Equipment	3,126,206	2,714,774
Vehicles	55,021	46,355
Totals	<u>\$13,593,776</u>	<u>\$13,148,140</u>

Overall capital assets increased \$445,636 from fiscal year 2006. The main increase was in furniture, fixtures, and equipment.

For more information on capital assets, refer to Note 8 of the basic financial statements.

Debt Administration

At June 30, 2007, the School District had \$3,850,000 in debt outstanding.

**Table 5
Outstanding Debt at Fiscal Year End**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Short-Term Debt:		
Note Payable	<u>\$1,950,000</u>	<u>\$1,230,000</u>
Long-Term Debt:		
Applied Technology Loan	0	15,825
School Improvement Bond Anticipation Note	<u>1,900,000</u>	<u>3,866,319</u>
Total-Long Term Debt	<u>1,900,000</u>	<u>3,882,144</u>
Total Outstanding Debt	<u>\$3,850,000</u>	<u>\$5,112,144</u>

During fiscal year 2007, the School District paid off the Applied Technology Loan and paid \$1,230,000 of the School Improvement Bond Anticipation Note and refunded \$3,850,000. The note matured on November 28, 2007. The School District paid \$1,950,000 of the note and refinanced the remaining \$1,900,000. Therefore, the \$3,850,000 liability outstanding at June 30, 2007 will be split with \$1,900,000 presented as a long-term liability and \$1,950,000 presented as a fund liability in the fund financial statements. The note will be repaid from the Note Retirement Fund.

At June 30, 2007, the School District's overall legal debt margin was \$177,918,623 and the unvoted debt margin was \$2,008,762. See Notes 13 and 14 of the notes to the basic financial statements for more detailed information.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

Current Financial Issues and Concerns

The School District has experienced some losses of business based on the closing of several manufacturing facilities. The impact of these closings, with little promise of new manufacturing and industrial base, creates concern for local government and school officials. The School District's strong financial position will not force an immediate reaction to these losses. However, should there be a continuation of this trend, the results may begin to impact the School District's cash flow and require a differing list of priorities in future years.

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

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

With the adoption of the fiscal year 2008 through fiscal year 2009 Biennial Budget Bill, the State Legislature has included a 3 percent increase in per pupil subsidies but eliminated the Cost of Doing Business factor for a net increase of less than 2 percent per pupil. This action coupled with the effects of a second ADM enrollment count factored into State subsidies could continue to negatively impact intergovernmental revenues. Even though the State legislature has enacted a new tax on business called the Commercial Activities Tax, and has offered a hold harmless transition guarantee against significant loss of revenue due to the tax structure changes for the near term, State support for schools continues to generate many more questions than answers. Both scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

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

Contacting the School District's Financial Management

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

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

**STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$12,946,290
Accounts Receivable	46,187
Accrued Interest Receivable	81,294
Intergovernmental Receivable	261,441
Inventory of Supplies and Materials	31,603
Inventory Held for Resale	58,963
Prepaid Items	22,991
Property Taxes Receivable	7,534,902
Assets Held for Resale	51,709
Nondepreciable Capital Assets	1,305,995
Depreciable Capital Assets, Net	12,287,781
Total Assets	34,629,156
Liabilities:	
Accounts Payable	221,800
Contracts Payable	67,408
Retainage Payable	10,497
Accrued Wages and Benefits Payable	1,180,348
Matured Compensated Absences Payable	49,040
Notes Payable	1,950,000
Accrued Interest Payable	90,291
Intergovernmental Payable	253,128
Deferred Revenue	6,907,920
Long Term Liabilities:	
Due Within One Year	69,525
Due In More Than One Year	3,112,617
Total Liabilities	13,912,574
Net Assets:	
Invested in Capital Assets, Net of Related Debt	10,560,247
Restricted for:	
Capital Projects	1,347,052
Debt Service	960,967
Other Purposes	127,093
Uniform School Supplies	84,900
Adult Education	476,431
Miscellaneous Federal Grants	90,947
Set-Asides	282,294
Unrestricted	6,786,651
Total Net Assets	\$20,716,582

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
			<u>Total Governmental Activities</u>
Governmental Activities:			
Instruction:			
Regular	\$1,762,296		(\$1,762,296)
Special	1,101,433		(592,825)
Vocational	8,909,579	\$137,487	(6,279,462)
Adult/Continuing	1,520,635	1,082,670	213,778
Student Intervention Services	44,449		(29,156)
Support Services:			
Pupils	1,420,811	33,333	(1,087,265)
Instructional Staff	231,319		(56,036)
Board of Education	44,195		(44,195)
Administration	2,205,624	237,002	(1,862,363)
Fiscal	575,885		(575,885)
Business	148,833		(148,833)
Operation and Maintenance of Plant	1,440,999	28,967	(1,398,042)
Pupil Transportation	62,969		(47,297)
Central	678,860	17,873	(644,041)
Operation of Non-Instructional Services	822,045	465,008	(60,879)
Extracurricular Activities	62,055		(62,055)
Interest and Fiscal Charges	183,518		(183,518)
Total Governmental Activities	\$21,215,505	\$2,002,340	\$4,592,795
			(14,620,370)
General Revenues:			
Property Taxes Levied for:			
			6,815,052
			1,166,081
			7,188,822
			703,192
			58,560
			48,889
			<u>15,980,596</u>
			1,360,226
			<u>19,356,356</u>
			<u>\$20,716,582</u>

See accompanying notes to the basic financial statements.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General	Adult Education	Note Retirement	Building	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$8,825,847	\$447,778	\$914,452	\$927,733	\$1,393,224	\$12,509,034
Receivables:						
Property Taxes	6,398,544		1,136,358			7,534,902
Accounts	9,359	30,694			6,134	46,187
Intergovernmental	4,484	79,258			177,699	261,441
Accrued Interest	64,043		4,223		13,028	81,294
Interfund	20,332				7,886	28,218
Assets Held for Resale	51,709					51,709
Inventory of Supplies and Materials	2,064				29,539	31,603
Inventory Held for Resale					1,421	1,421
Prepaid Items	22,991					22,991
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	283,962					283,962
Total Assets	15,683,335	557,730	2,055,033	927,733	1,628,931	20,852,762
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	199,214	6,429			16,157	221,800
Contracts Payable	67,408					67,408
Retainage Payable	10,497					10,497
Accrued Wages and Benefits Payable	1,122,529	18,550			39,269	1,180,348
Intergovernmental Payable	227,421	12,311			13,396	253,128
Interfund Payable	53,975	2,740			22,961	79,676
Deferred Revenue	6,050,688	2,768	1,074,959		159,949	7,288,364
Notes Payable				1,950,000		1,950,000
Accrued Interest Payable				45,732		45,732
Matured Compensated Absences Payable	49,040					49,040
Total Liabilities	7,780,772	42,798	1,074,959	1,995,732	251,732	11,145,993
Fund Balances:						
Reserved for Encumbrances	1,130,147	20,056		10,193	40,424	1,200,820
Reserved for Property Taxes	351,543		61,399			412,942
Reserved for Textbooks and Instructional Materials	64,450					64,450
Reserved for Capital Improvements	217,844					217,844
Reserved for Unclaimed Monies	1,668					1,668
Reserved for Assets Held for Resale	51,709					51,709
Unreserved, Undesignated (Deficit) Reported in:						
General Fund	6,085,202					6,085,202
Special Revenue Funds		494,876			71,549	566,425
Debt Service Fund			918,675			918,675
Capital Projects Funds				(1,078,192)	1,265,226	187,034
Total Fund Balances(Deficit)	7,902,563	514,932	980,074	(1,067,999)	1,377,199	9,706,769
Total Liabilities and Fund Balances	\$15,683,335	\$557,730	\$2,055,033	\$927,733	\$1,628,931	\$20,852,762

See accompanying notes to the basic financial statements.

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007**

Total Governmental Fund Balance \$9,706,769

**Amounts reported for governmental activities in the
Statement of Net Assets are different because:**

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

Land	\$1,173,459	
Construction in Progress	132,536	
Building and Improvements	11,588,917	
Furniture, Fixtures, and Equipment	6,908,126	
Vehicles	250,704	
Accumulated Depreciation	<u>(6,459,966)</u>	
Total Capital Assets		13,593,776

Two internal service funds are used by management to charge the costs of insurance and supplies to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

260,628

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

Property Taxes Receivable	214,040	
Intergovernmental Receivable	152,943	
Accounts Receivable	11,350	
Accrued Interest Receivable	<u>2,111</u>	
		380,444

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

Notes Payable	(1,900,000)	
Accrued Interest on Notes	(44,559)	
Compensated Absences Payable	<u>(1,280,476)</u>	
Total Liabilities		<u>(3,225,035)</u>

Net assets of Governmental Activities \$20,716,582

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General	Adult Education	Note Retirement	Building	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$6,813,409		\$1,165,776			\$7,979,185
Tuition and Fees	28,843	\$1,436,304			\$225,266	1,690,413
Interest	567,427		51,295	\$58,215	65,102	742,039
Intergovernmental	9,766,877	606,374	103,053		1,176,525	11,652,829
Charges for Services	122,531				241,534	364,065
Gifts and Donations	1,398	630			56,532	58,560
Rent	5,651					5,651
Miscellaneous	30,772	3,014	14,091		1,012	48,889
Total Revenues	<u>17,336,908</u>	<u>2,046,322</u>	<u>1,334,215</u>	<u>58,215</u>	<u>1,765,971</u>	<u>22,541,631</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,692,897					1,692,897
Special	1,091,011					1,091,011
Vocational	8,570,349				372,623	8,942,972
Adult/Continuing		1,342,920			162,252	1,505,172
Student Intervention Services	31,563				12,886	44,449
Support Services:						
Pupils	843,198	40,055		68,998	271,715	1,223,966
Instructional Staff	166,719				67,540	234,259
Board of Education	44,195					44,195
Administration	1,864,421	290,649			3,742	2,158,812
Fiscal	512,303		23,717		33,461	569,481
Business	146,277					146,277
Operation and Maintenance of Plant	1,329,906	35,658			15,935	1,381,499
Pupil Transportation	44,360				13,205	57,565
Central	590,745	22,001			62,589	675,335
Operation of Non-Instructional Services	106,961				738,270	845,231
Extracurricular Activities	62,055					62,055
Capital Outlay	190,918			386,213	19,850	596,981
Debt Service:						
Principal Retirement			15,825			15,825
Interest and Fiscal Charges			13,491	230,983		244,474
Current Refunding				1,950,000		1,950,000
Total Expenditures	<u>17,287,878</u>	<u>1,731,283</u>	<u>53,033</u>	<u>2,636,194</u>	<u>1,774,068</u>	<u>23,482,456</u>
Excess of Revenues Over (Under) Expenditures	<u>49,030</u>	<u>315,039</u>	<u>1,281,182</u>	<u>(2,577,979)</u>	<u>(8,097)</u>	<u>(940,825)</u>
Other Financing Sources (Uses):						
Current Refunding				(1,900,000)		(1,900,000)
Refunding Notes Issued				1,900,000		1,900,000
Transfers - In		25,000	15,825	1,445,900	51,513	1,538,238
Transfers - Out	(92,338)		(1,445,900)			(1,538,238)
Total Other Financing Sources (Uses)	<u>(92,338)</u>	<u>25,000</u>	<u>(1,430,075)</u>	<u>1,445,900</u>	<u>51,513</u>	
Net Change in Fund Balances	(43,308)	340,039	(148,893)	(1,132,079)	43,416	(940,825)
Fund Balances at Beginning of Year	<u>7,945,871</u>	<u>174,893</u>	<u>1,128,967</u>	<u>64,080</u>	<u>1,333,783</u>	<u>10,647,594</u>
Fund Balances (Deficit) at End of Year	<u>\$7,902,563</u>	<u>\$514,932</u>	<u>\$980,074</u>	<u>(\$1,067,999)</u>	<u>\$1,377,199</u>	<u>\$9,706,769</u>

See accompanying notes to the basic financial statements.

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Net Change in Fund Balances - Total Governmental Funds (\$940,825)

**Amounts reported for governmental activities in the
Statement of Activities are different because:**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$1,122,337	
Depreciation Expense	(602,510)	
Excess of Capital Outlay Over Depreciation Expense		519,827

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

Loss on Disposal of Capital Assets		(74,191)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Applied Technology Loan	15,825	
Notes Payable	3,850,000	3,865,825

Note proceeds used to refinance long-term notes are presented as an Other Financing Source on the modified accrual basis but not presented on the full accrual basis.

Notes Issued		(1,900,000)
--------------	--	-------------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds, when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest on the Statement of Activities is the result of the following.

Amortization of Issuance Costs (Deferred Charges)	(6,738)	
Decrease in Accrued Interest	51,375	
Amortization of Premium	16,319	60,956

The internal service funds used by management to charge the costs of insurance and supplies to individual funds is reported in the Statement of Activities.

(85,755)

Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" revenues and are deferred in the governmental funds.

Property Taxes	1,948	
Tuition and Fees	(57,789)	
Interest	(46,020)	
Intergovernmental Grants	128,788	
Total		26,927

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

These activities consist of:

Increase in Compensated Absences		(112,538)
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Change in Net Assets of Governmental Activities

\$1,360,226

See accompanying notes to the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$6,581,588	\$6,574,189	\$7,017,459	\$443,270
Tuition and Fees	45,000	45,000	45,496	496
Interest	257,500	257,500	497,728	240,228
Intergovernmental	9,837,945	9,957,945	9,766,877	(191,068)
Charges for Services	203,450	203,450	123,442	(80,008)
Gifts and Donations	2,500	2,500	1,398	(1,102)
Rent	7,000	7,000	5,651	(1,349)
Miscellaneous	19,700	27,099	23,180	(3,919)
Total Revenues	<u>16,954,683</u>	<u>17,074,683</u>	<u>17,481,231</u>	<u>406,548</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,939,714	1,842,086	1,682,042	160,044
Special	1,206,711	1,222,211	1,097,345	124,866
Vocational	14,045,362	14,064,075	9,132,358	4,931,717
Student Intervention Services	12,660	32,660	30,408	2,252
Support Services:				
Pupils	1,149,367	1,149,367	880,280	269,087
Instructional Staff	268,965	239,965	170,801	69,164
Board of Education	59,154	59,154	47,667	11,487
Administration	2,016,501	2,028,501	1,893,870	134,631
Fiscal	572,102	572,102	523,001	49,101
Business	145,468	148,968	147,509	1,459
Operation and Maintenance of Plant	2,023,907	1,940,627	1,425,562	515,065
Pupil Transportation	102,603	102,603	45,791	56,812
Central	797,917	797,208	606,260	190,948
Operation of Non-Instructional Services	449,549	466,638	118,407	348,231
Extracurricular Activities	55,258	66,258	64,707	1,551
Capital Outlay	693,731	806,500	496,712	309,788
Total Expenditures	<u>25,538,969</u>	<u>25,538,923</u>	<u>18,362,720</u>	<u>7,176,203</u>
Excess of Revenues Under Expenditures	<u>(8,584,286)</u>	<u>(8,464,240)</u>	<u>(881,489)</u>	<u>7,582,751</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditure	3,000	3,000	9,512	6,512
Refund of Prior Year Receipts	(1,500)	(1,549)		1,549
Advances - In	120,000		105,853	105,853
Advances - Out	(125,000)	(125,000)	(20,333)	104,667
Transfers - Out	(100,000)	(100,000)	(92,338)	7,662
Total Other Financing Sources (Uses)	<u>(103,500)</u>	<u>(223,549)</u>	<u>2,694</u>	<u>226,243</u>
Net Change in Fund Balance	(8,687,786)	(8,687,789)	(878,795)	7,808,994
Fund Balance at Beginning of Year	7,612,340	7,612,340	7,612,340	
Prior Year Encumbrances Appropriated	969,588	969,588	969,588	
Fund Balance (Deficit) at End of Year	<u>(\$105,858)</u>	<u>(\$105,861)</u>	<u>\$7,703,133</u>	<u>\$7,808,994</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tuition and Fees	\$1,313,000	\$1,313,000	\$1,423,889	\$110,889
Intergovernmental	600,000	600,000	602,414	2,414
Gifts and Donations	20,000	20,000	630	(19,370)
Miscellaneous	5,000	5,000	5,714	714
Total Revenues	<u>1,938,000</u>	<u>1,938,000</u>	<u>2,032,647</u>	<u>94,647</u>
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	1,636,850	1,636,850	1,355,004	281,846
Support Services:				
Pupils	55,186	55,186	44,570	10,616
Administration	305,863	305,863	292,304	13,559
Operation and Maintenance of Plant	59,868	59,868	37,238	22,630
Central	23,300	23,300	22,046	1,254
Total Expenditures	<u>2,081,067</u>	<u>2,081,067</u>	<u>1,751,162</u>	<u>329,905</u>
Excess of Revenues Over (Under) Expenditures	(143,067)	(143,067)	281,485	424,552
Other Financing Sources:				
Transfers - In	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	
Net Change in Fund Balance	(118,067)	(118,067)	306,485	424,552
Fund Balance at Beginning of Year	90,075	90,075	90,075	
Prior Year Encumbrances Appropriated	<u>27,992</u>	<u>27,992</u>	<u>27,992</u>	
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$424,552</u></u>	<u><u>\$424,552</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2007**

Assets:

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$153,294
Inventory Held for Resale	57,542
Interfund Receivable	51,458
Total Assets	<u>262,294</u>

Liabilities:

Current Liabilities:

Compensated Absences Payable	769
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Long-Term Liabilities:

Compensated Absences Payable	897
Total Liabilities	<u>1,666</u>

Net Assets:

Unrestricted	260,628
Total Net Assets	<u>\$260,628</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Operating Revenues:	
Charges for Services	\$171,380
Miscellaneous	1,517
Total Operating Revenues	<u>172,897</u>
Operating Expenses:	
Salaries and Wages	8,807
Fringe Benefits	2,348
Cost of Sales	142,609
Claims	112,055
Other	6
Total Operating Expenses	<u>265,825</u>
Operating Loss	(92,928)
Non-Operating Revenue:	
Interest Revenue	<u>7,173</u>
Change in Net Assets	(85,755)
Net Assets at Beginning of Year	<u>346,383</u>
Net Assets at End of Year	<u><u>\$260,628</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Interfund Services Provided	\$121,439
Cash Payments for Employee Services and Benefits	(11,069)
Cash Payments to Suppliers for Goods and Services	(121,309)
Cash Payments for Employee Medical Insurance Claims	(112,055)
Other Operating Expenses	(6)
Net Cash Used for Operating Activities	<u>(123,000)</u>

Cash Flows from Investing Activities:

Interest	<u>7,173</u>
Net Decrease in Cash and Cash Equivalents	(115,827)
Cash and Cash Equivalents at Beginning of Year	<u>269,121</u>
Cash and Cash Equivalents at End of Year	<u><u>\$153,294</u></u>

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities:**

Operating Loss	(\$92,928)
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**Adjustments to Reconcile Operating Loss to Net
Cash Used for Operating Activities:**

Changes in Assets and Liabilities:	
Increase in Inventory of Supplies and Materials	21,300
Increase in Interfund Receivable	(51,458)
Increase in Compensated Absences Payable	86
Net Cash Used for Operating Activities	<u><u>(\$123,000)</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007**

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$7,613	<u><u>\$73,423</u></u>
Liabilities:		
Undistributed Monies		<u><u>\$73,423</u></u>
Net Assets:		
Held in Trust for Scholarships	109	
Held in Trust for Other Governments	7,504	
Total Net Assets	<u><u>\$7,613</u></u>	

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$799
Gifts and Donations	15,000
Total Additions	<u>15,799</u>
Deletions:	
Payments in Accordance with Trust Agreements	<u>22,293</u>
Change in Net Assets	(6,494)
Net Assets at Beginning of Year	<u>14,107</u>
Net Assets at End of Year	<u><u>\$7,613</u></u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under a Board of Education consisting of eleven representatives who are members of the Boards of Education of the participating schools. One member is appointed from each of the following: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or county school districts: Piqua, Shelby, Sidney, and Troy. The Board of Education is responsible for providing vocational job training to residents of the participating school districts.

A. Reporting Entity:

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

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

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

The School District participates in three jointly governed organizations and two insurance purchasing pools. These organizations are discussed in Note 16 to the basic financial statements. These organizations are:

Jointly Governed Organizations:
Southwestern Ohio Educational Purchasing Council
Southwestern Ohio Instructional Technology Association
Western Ohio Computer Organization

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

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

Insurance Purchasing Pools:

Southwestern Ohio Educational Purchasing Council Workers'

Compensation Group Rating Plan

Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-wide Financial Statements:

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements:

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the School District: governmental, proprietary, and fiduciary.

1. Governmental Funds:

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

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

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

Note Retirement Fund – The Note Retirement Fund accounts for property tax revenues and State exemption reimbursements collected for the payment of the School District's debt.

Building Fund – The Building Fund accounts for the financial resources associated with the construction of the Science and Technology addition to the main instructional building.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Funds:

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The School District's proprietary funds are Internal Service Funds. The Internal Service Funds account for the financing of services provided by one department or agency to another department or agency of the School District on a cost-reimbursement basis. The School District's two Internal Service Funds are a Warehouse Fund and an Employee Benefits Fund. In prior years, the School District was self-funding its medical benefits. On October 1, 2004, the School District terminated their self-insurance plan. The activity in this fund is used to pay outstanding claims that existed prior to the termination.

3. Fiduciary Funds:

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

C. Measurement Focus

1. Government-wide Financial Statements:

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

2. Fund Financial Statements:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Basis of Accounting

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

1. Revenues – Exchange and Non-exchange Transactions:

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Deferred Revenue:

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

3. Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2007, the School District invested in US Treasury Money Market Mutual Funds, Commercial Paper, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Discount Notes, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Notes, US Treasury Notes, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, fair value is determined by the fund's share price.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2007.

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 2007 amounted to \$567,427 which includes \$167,044 assigned from other School District funds.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and services are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the Statement of Net Assets.

G. Assets Held for Resale

As an integral part of the instructional laboratory experience for 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 District's Patronage Fund which is combined with the General Fund for reporting purposes.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

J. Restricted Assets

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

K. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement costs back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of twelve hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

L. Accrued Liabilities and Long-term Obligations

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

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

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Assets

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

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

The government-wide Statement of Net Assets reports \$3,369,684 of restricted net assets, none of which are restricted by enabling legislation.

O. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved.

P. Operating Revenues and Expenses

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

Q. Interfund Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund and function level for the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource and are intended to be repaid. The Treasurer has been authorized to allocate Board appropriations to the function and object level within all funds, except the General Fund.

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

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

S. Estimates

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

3. COMPLIANCE AND ACCOUNTABILITY

A. Compliance

The General Fund had an excess of appropriations over estimated resources plus available balances for the original and final budgets at June 30, 2007, of \$105,858 and \$105,861, respectively. The School District will monitor budgetary controls more closely to ensure appropriations do not exceed estimated resources and available balances in the future.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

3. COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Accountability

The Food Service and Carl Perkins Funds and the Building Fund had deficit fund balances at June 30, 2007, of \$8,052, \$14,897, and \$1,067,999, respectively. The deficits in the Food Service and Carl Perkins Funds are due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The General Fund is liable for the deficits and provides operating transfers when cash is required, not when accruals occur. The deficit in the Building Fund is due to the liability for notes payable being reported as a fund liability and will be alleviated when the notes are retired.

4. BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balances

	General	Adult Education
GAAP Basis	(\$43,308)	\$340,039
Net Adjustment for Revenue Accruals	184,663	(13,675)
Net Adjustment for Expenditure Accruals	295,341	3,347
Change in Fair Value of Investments – FY 2006	(7,421)	0
Change in Fair Value of Investments – FY 2007	(23,407)	0
Advances	85,520	0
Adjustment for Encumbrances	(1,370,183)	(23,226)
Budget Basis	(\$878,795)	\$306,485

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation 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 or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$3,562,433 of the School District's bank balance of \$3,961,941 was exposed to custodial credit risk, which was uninsured and collateralized with securities held by the pledging financial institution.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

As of June 30, 2007, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-2
US Treasury Money Market Mutual Fund	\$16,939	\$16,939	\$0
Commercial Paper	664,453	664,453	0
Federal Home Loan Mortgage Corporation (FHLMC) Notes	2,533,946	1,946,758	587,188
Federal Home Loan Bank Bonds	2,030,282	1,126,846	903,436
Federal Home Loan Mortgage Corporation (FHLMC) Discount Notes	966,654	966,654	0
Federal National Mortgage Association (FNMA) Discount Notes	344,325	344,325	0
Federal National Mortgage Association (FNMA) Notes	1,187,958	958,462	229,496
US Treasury Notes	847,694	847,694	0
STAROhio	961,263	961,263	0
	<u>\$9,553,514</u>	<u>\$7,833,394</u>	<u>\$1,720,120</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – The US Treasury Money Market Mutual Fund, Commercial Paper, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Discount Notes, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Notes, and the US Treasury Notes carry a rating of AAA by Moody's. STAROhio carries a rating of AAAM by Standard and Poor's. The School District's investment policy limits investments to those authorized by State statute. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments in commercial paper are limited to notes rated at the time of purchase to have the highest classification established by two nationally recognized standard rating services.

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The School District's investments in Commercial Paper, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Discount Notes, Federal National Mortgage Association Notes, and US Treasury Notes represents 6.96 percent, 26.52 percent, 21.25 percent, 10.12 percent, 12.43 percent and 8.87 percent, respectively, of the School District's total investments.

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2007 year represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

6. PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar year 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Miami, Darke, Shelby, Auglaize, and Logan Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007 was \$351,543 in the General Fund and \$61,399 in the Note Retirement Fund. The amount available as an advance at June 30, 2006 was \$555,593 in the General Fund and \$91,350 in the Note Retirement Fund.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second – Half Collections		2007 First – Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,923,027,560	79.84%	\$1,953,429,560	84.37%
Public Utility Personal	73,739,340	3.06	72,300,860	3.12
General Business Personal	411,982,860	17.10	289,699,956	12.51
Total	\$2,408,749,760	100.00%	\$2,315,430,376	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$5.45		\$5.45	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

7. RECEIVABLES

Receivables at June 30, 2007, consisted of property taxes, accounts receivable (tuition, charges for services, and student fees), intergovernmental receivables (grants and tuition and fees), interest and interfund. All receivables are considered collectible in full and all except property taxes will be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Food Service Subsidies	\$7,647
Adult Education	1,056
School Supplies	5,812
Tuition and Fees	83,742
Miscellaneous State Grants	19,643
ABLE Grant	25,147
Carl D. Perkins Grant	18,945
Title V Grant	182
Title II-A Grant	9,267
Miscellaneous Federal Grants	90,000
Total Intergovernmental Receivables	\$261,441

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/2006	Additions	Deductions	Balance 6/30/2007
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$1,173,459	\$0	\$0	\$1,173,459
Construction in Progress	55,361	183,079	(105,904)	132,536
Total Capital Assets, not Being Depreciated	1,228,820	183,079	(105,904)	1,305,995
Capital Assets, Being Depreciated:				
Buildings and Improvements	11,412,883	176,034	0	11,588,917
Furniture, Fixtures, and Equipment	6,339,461	848,748	(280,083)	6,908,126
Vehicles	230,324	20,380	0	250,704
Total Capital Assets, Being Depreciated	17,982,668	1,045,162	(280,083)	18,747,747
Less Accumulated Depreciation:				
Buildings and Improvements	(2,254,692)	(227,671)	0	(2,482,363)
Furniture, Fixtures, and Equipment	(3,624,687)	(363,125)	205,892	(3,781,920)
Vehicles	(183,969)	(11,714)	0	(195,683)
Total Accumulated Depreciation	(6,063,348)	(602,510)	205,892	(6,459,966)
Capital Assets, Being Depreciated, Net	11,919,320	442,652	(74,191)	12,287,781
Governmental Activities Capital Assets, Net	\$13,148,140	\$625,731	(\$180,095)	\$13,593,776

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

8. CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$42,856
Special	5,415
Vocational	377,577
Adult/Continuing	14,942
Support Services:	
Pupils	11,106
Instructional Staff	3,693
Administration	30,026
Fiscal	93
Business	633
Operation and Maintenance of Plant	84,766
Pupil Transportation	5,404
Central	15,484
Operation of Non-Instructional Services	10,515
Total Depreciation Expense	<u><u>\$602,510</u></u>

9. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the School District contracted with Selective Insurance Company of South Carolina for property, fleet, stop gap, employee benefits, and liability insurance. Insurance coverage provided includes the following:

Property (\$1,000 deductible, subject to scheduled limits)	\$300,000,000
Boiler and Machinery (\$2,500 deductible)	50,000,000
Auto Liability/Physical Damage (\$1,000 Deductible)	1,000,000
General Liability (per occurrence/aggregate)	1,000,000/3,000,000
Employee Benefits Liability (per occurrence/aggregate)	1,000,000/3,000,000
Employer's Liability – Stop gap coverage	1,000,000
Umbrella Coverage	5,000,000

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

B. Medical Benefits

For fiscal year 2007, the School District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool (Note 16). The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school districts is calculated and a premium rate is applied to all school districts in the MBP. Each participant pays its health insurance premiums to the Southwestern Ohio Educational Purchasing Council (SOEPC). Participation in the MBP is limited to school districts that can meet the MBP's selection criteria.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

9. RISK MANAGEMENT (Continued)

C. Workers' Compensation

For fiscal year 2007, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

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 firm of Integrated Comp Inc. provides administrative, cost control, and actuarial services to the GRP.

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling toll-free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, 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, 2007, 2006 and 2005 were \$210,391, \$200,474, and \$187,134, respectively; 99.07 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

B. State Teachers Retirement System of Ohio

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were, \$1,555,064, \$1,539,791 and \$1,505,967, respectively; 90.29 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2006 were \$31,721 made by the School District and \$59,476 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2007, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

11. POSTEMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$119,620 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 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. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$104,976.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care at June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

12. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Insurance Benefits

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

13. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2007 were as follows:

	Amount Outstanding 6/30/2006	Additions	Deductions	Amount Outstanding 6/30/2007	Amounts Due Within One Year
Governmental Activities:					
Applied Technology Loan 1992 0.00%	\$15,825	\$0	\$15,825	\$0	\$0
School Improvement Bond Anticipation Note 4.25%	3,850,000	1,900,000	3,850,000	1,900,000	0
Premium on Debt Issue	16,319	0	16,319	0	0
Compensated Absences	1,169,518	282,024	169,400	1,282,142	69,525
Total Governmental Activities Long-Term Liabilities	\$5,051,662	\$2,182,024	\$4,051,544	\$3,182,142	\$69,525

1992 Applied Technology Loan – This loan is an interest free loan acquired from the State Board of Education on July 31, 1991, as authorized under House Bill 808. The original loan amount was \$474,750 for the building and \$75,250 for equipment for a total of \$550,000. The loan was paid off during fiscal year 2007.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

13. LONG-TERM OBLIGATIONS (Continued)

School Improvement Bond Anticipation Note – During fiscal year 2006 the School District issued a bond anticipation note in the amount of \$5,080,000, of which \$3,850,000 was a long-term liability, for the purpose of improving the existing school building by constructing a new addition and renovation and remodeling, acquiring equipment and furnishings, and making related site improvements. During fiscal year 2007, \$1,230,000 of the note was paid off leaving a balance at June 30, 2007 of \$3,850,000. The note matured on November 28, 2007. The School District paid \$1,950,000 of the note and refinanced the remaining \$1,900,000. Therefore, the \$3,850,000 liability outstanding at June 30, 2007 will be split with \$1,900,000 as a long-term liability and \$1,950,000 presented as a fund liability in the fund financial statements. The note will be paid from the Note Retirement Fund.

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

The School District's overall legal debt margin was \$177,918,623 and the unvoted debt margin was \$2,008,762 at June 30, 2007.

14. NOTES PAYABLE

During fiscal year 2007 the School District paid \$1,230,000 against the \$5,080,000 note and refinanced the remaining \$3,850,000 into a new note. The note matured on November 28, 2007 and the School District paid \$1,950,000 against the \$3,850,000 note and refinanced the remaining \$1,900,000 into a new note. Therefore, the \$3,850,000 liability outstanding at June 30, 2007 will be split with \$1,900,000 as a long-term liability and \$1,950,000 presented as a fund liability in the fund financial statements. The note will be paid from the Note Retirement Debt Service Fund.

<u>Types/Issues</u>	<u>Balance 6/30/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2007</u>
2007 – 4.00% Bond Anticipation Note	\$1,230,000	\$1,950,000	\$1,230,000	\$1,950,000

15. INTERFUND ASSETS/LIABILITIES AND TRANSFER

Interfund Payable	Interfund Receivable			
	General	Internal Service	Other Governmental	Total
General		\$46,089	\$7,886	\$53,975
Adult Education		2,740		2,740
Other Governmental	\$20,332	2,629		22,961
Total	\$20,332	\$51,458	\$7,886	\$79,676

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

15. INTERFUND ASSETS/LIABILITIES AND TRANSFER (Continued)

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

The General Fund had transfers out to the Adult Education Fund, Note Retirement Fund, and Other Governmental Funds of \$25,000, \$15,825, and \$51,513, respectively. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds. The transfer between the Note Retirement Fund and the Building Fund of \$1,445,900 was done to move money to pay the obligation from the fund that originally received the debt proceeds.

16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS

A. Jointly Governed Organizations

Southwestern Ohio Educational Purchasing Council – The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Payments to SOEPC are made from the General Fund. During fiscal year 2007, the School District paid \$151,199 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Southwestern Ohio Instructional Technology Association – The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of 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 elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a State or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2007, the School District paid \$1,177 to SOITA for services provided during the fiscal year. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Dave Gibson, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS
(Continued)**

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

The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Payments to WOCO are made from the General Fund. The School District paid WOCO \$40,078 for services provided during the fiscal year. Financial information can be obtained from Louis Ivey, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

B. Insurance Purchasing Pools

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan – The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Council Medical Benefits Plan – The School District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven member committee consisting of various MBP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

17. SET-ASIDE CALCULATIONS

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

17. SET-ASIDE CALCULATIONS (Continued)

	<u>Textbooks and Instructional Materials</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of June 30, 2006	\$ 83,416	\$169,930
Current Fiscal Year Set-aside Requirement	199,767	199,767
Qualifying Disbursements	<u>(218,733)</u>	<u>(151,853)</u>
Total	<u>\$ 64,450</u>	<u>\$217,844</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$ 64,450</u>	<u>\$217,844</u>
Set-aside Reserve Balances as of June 30, 2007	<u>\$ 64,450</u>	<u>\$217,844</u>

18. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

B. Litigation

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

19. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2007, the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/07</u>
Baumer Construction	Cosmetology Renovation	\$264,390	\$23,554	\$240,836
GM Mechanical	Cosmetology Renovation	87,700	20,282	67,418
Reese Electric	Cosmetology Renovation	95,996	9,476	86,520
Sunnytech	Vocational Equipment	183,148	0	183,148
Vutex	Vocational Equipment	99,308	0	99,308
Total		<u>\$730,542</u>	<u>\$53,312</u>	<u>\$677,230</u>

20. SUBSEQUENT EVENT

On November 28, 2007, the School District reissued the \$3,850,000 bond anticipation note in the amount of \$1,900,000 for the purpose of improving the existing school building by constructing a new addition and renovation and remodeling, acquiring equipment and furnishings, and making related site improvements. The interest rate of the note is 4 percent and matures on November 25, 2008.

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture						
<i>Passed Through Ohio Department of Education</i>						
Food Donation	N/A	10.550		\$14,479		\$14,479
Child Nutrition Cluster:						
School Breakfast Program	062125-05PU-2006	10.553	\$2,437		\$2,437	
	062125-05PU-2007		8,780		8,780	
Total School Breakfast Program			<u>11,217</u>		<u>11,217</u>	
National School Lunch Program	062125-LLP4-2006	10.555	13,759		13,759	
	062125-LLP4-2007		48,057		48,057	
Total National School Lunch Program			<u>61,816</u>		<u>61,816</u>	
Total Child Nutrition Cluster			<u>73,033</u>		<u>73,033</u>	
Total U.S. Department of Agriculture			73,033	14,479	73,033	14,479
U.S. Department of Education						
<i>Passed Through Ohio Department of Education</i>						
Adult Education & Community Education	062125-ABS1-2006	84.002	9,312		6,717	
	062125-ABS1-2007		268,052		243,577	
	062125-ABS2-2006		2,617		1,131	
	062125-ABS2-2007		34,259		33,437	
Total Adult Education & Community Education			<u>314,240</u>		<u>284,862</u>	
Carl D. Perkins Vocational Education	062125-20C1-2006	84.048	53,281		50,563	
	062125-20C1-2007		279,519		264,958	
	062125-20C2-2006		844		988	
	062125-20C2-2007		118,211		118,245	
Total Carl D. Perkins Vocational Education			<u>451,855</u>		<u>434,754</u>	
Safe and Drug-Free Schools and Communities	062125-DRS1-2006	84.186	619		0	
	062125-DRS1-2007		5,089		5,089	
Total Safe and Drug-Free Schools and Communities			<u>5,708</u>		<u>5,089</u>	
State Grants for Innovative Programs	062125-C2S1-2006	84.298	4,323		1,869	
	062125-C2S1-2007		3,810		3,810	
Total State Grants for Innovative Programs			<u>8,133</u>		<u>5,679</u>	
Improving Teacher Quality State Grants	062125-TRS1-2006	84.367	344		102	
	062125-TRS1-2007		1,027		1,245	
Total Improving Teacher Quality State Grants			<u>1,371</u>		<u>1,347</u>	
<i>Direct Program</i>						
Pell Education Grant	2006	84.063	21,142		21,142	
	2007		184,186		184,186	
Total Pell Education Grant			<u>205,328</u>		<u>205,328</u>	
Total U.S. Department of Education			<u>986,635</u>		<u>937,059</u>	
Total Federal Assistance			<u>\$1,059,668</u>	<u>\$14,479</u>	<u>\$1,010,092</u>	<u>\$14,479</u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Educational Service Center's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds are not included on the Schedule.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Valley Joint Vocational School District, Miami County, (the District), as of and for the year ended June 30, 2007, and have issued our report thereon dated December 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

We noted a certain matter that we reported to the District's management in a separate letter dated December 11, 2007.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 11, 2007.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 11, 2007



Mary Taylor, CPA

Auditor of State

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

Upper Valley Joint Vocational School District
Miami County
8811 Career Drive
Sidney, 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 apply to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Upper Valley Joint Vocational School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

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

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www.auditor.state.oh.us

**Internal Control Over Compliance
(Continued)**

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

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

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

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



Mary Taylor, CPA
Auditor of State

December 11, 2007

**UPPER JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.048 – Vocational Education – Basic Grants to States
(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

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006-001	ORC Sec. 5705.41(D) failure to certify availability of funds prior to incurring obligations.	No	Partially Corrected – Re-issued as a management letter comment for fiscal 2007.



Mary Taylor, CPA
Auditor of State

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 24, 2008