



Dave Yost • Auditor of State



**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
<b>Basic Financial Statements:</b>	
Statement of Net Assets – June 30, 2012 .....	9
Statement of Activities – For the Fiscal Year Ended June 30, 2012 .....	10
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds – June 30, 2012 .....	11
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities – June 30, 2012 .....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – For the Fiscal Year Ended June 30, 2012 .....	13
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, 2012 .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund – For the Fiscal Year Ended June 30, 2012 .....	15
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, 2012 .....	16
Statement of Fund Net Assets – Internal Service Fund – June 30, 2012.....	17
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Fund – For the Fiscal Year Ended June 30, 2012.....	18
Statement of Cash Flows – Internal Service Fund – For the Fiscal Year Ended June 30, 2012 .....	19
Statement of Fiduciary Net Assets – Fiduciary Funds – June 30, 2012.....	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – For the Fiscal Year Ended June 30, 2012 .....	21
Notes to the Basic Financial Statements .....	23
Schedule of Federal Awards Receipts and Expenditures – For the Fiscal Year Ended June 30, 2012 .....	49
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	50

UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

TABLE OF CONTENTS  
(Continued)

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	51
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular 133.....	53
Schedule of Findings.....	55



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Upper Valley Career Center  
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 Career Center, Miami County, Ohio (the Career Center), as of and for the year ended June 30, 2012, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center'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 Career Center, Miami County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparisons for the General Fund 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 February 25, 2013, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

February 25, 2013

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED**

The discussion and analysis of Upper Valley Career Center's (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Career Center'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 Career Center's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- The Career Center entered into a School Facilities project with the Ohio Department of Education in fiscal year 2010. Work progressed on the project in fiscal year 2012 and completion of the project will be fiscal year 2013.
- The Career Center reduced staffing levels through attrition.

**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 Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center'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 Career Center's most significant funds with all other nonmajor funds presented in total in one column.

**Reporting the Career Center as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Career Center's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Career Center as a whole, the financial position of the Career Center 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 Career Center'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 Career Center'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 Career Center also has an Internal Service Fund that is accounted for as governmental activities.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

**Reporting the Career Center's Most Significant Funds**

***Fund Financial Statements***

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

***Governmental Funds***

Most of the Career Center'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 Career Center's general government operations and the basic services it provides.

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

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The Internal Service Fund is used to report activities that provide services to the Career Center's other funds and departments.

***Fiduciary Funds***

The Career Center has two private purpose trust funds and one agency fund. The Career Center's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. These activities are excluded from the Career Center's other financial statements because the Career Center cannot use these assets to finance its operations. The Career Center is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.



**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

**The Career Center as a Whole**

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole.

Table 1 provides a summary of the Career Center's net assets for fiscal year 2012 compared to fiscal year 2011:

**Table 1  
Net Assets**

	<b>2012</b>	<b>2011</b>	<b>Change</b>
<b>Assets:</b>			
Current Assets	\$20,445,108	\$35,742,093	(\$15,296,985)
Capital Assets, Net	32,266,820	18,130,826	14,135,994
Total Assets	<u>52,711,928</u>	<u>53,872,919</u>	<u>(1,160,991)</u>
<b>Liabilities:</b>			
Other Liabilities	8,593,031	10,370,193	(1,777,162)
Long-Term Liabilities	7,047,282	7,999,578	(952,296)
Total Liabilities	<u>15,640,313</u>	<u>18,369,771</u>	<u>(2,729,458)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	26,525,283	13,935,926	12,589,357
Restricted	8,237,503	20,242,265	(12,004,762)
Unrestricted	2,308,829	1,324,957	983,872
Total Net Assets	<u>\$37,071,615</u>	<u>\$35,503,148</u>	<u>\$ 1,568,467</u>

The large decrease to current assets was attributed to intergovernmental receivable. In fiscal year 2011, the Career Center entered into a Ohio School Facilities construction project with the Ohio Department of Education. The project was close to being finished at the end of fiscal year 2012 so most of the receivable was reduced for what was spent during the fiscal year. Since the receivable was for a construction project for building improvements, the Career Center saw a large increase in capital assets due to an increase in construction in progress.

Long-term liabilities had a decrease due to the payment on School Facilities Bonds. Current liabilities decreased due to the payment of contracts payable.

Invested in capital assets, net of related debt represents the amount of capital assets less debt outstanding at June 30, 2012. The increase was caused by additions exceeding depreciation expense due to the construction on the building improvements in construction in progress. Restricted net assets also decreased from the Ohio School Facilities grant that was spent down in fiscal year 2012 which offset the large receivable in fiscal year 2011.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

Table 2 shows the changes in net assets for fiscal year 2012 compared to fiscal year 2011.

**Table 2  
Changes in Net Assets**

	2012	2011	Change
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for Services	\$ 1,460,703	\$ 1,795,610	(\$ 334,907)
Operating Grants, Contributions and Interest	4,841,115	4,653,526	187,589
Total Program Revenues	<u>6,301,818</u>	<u>6,449,136</u>	<u>(147,318)</u>
<b>General Revenues:</b>			
Property Taxes	6,847,909	5,919,257	928,652
Grants and Entitlements	8,294,598	8,719,855	(425,257)
Investment Earnings	36,870	43,471	(6,601)
Gifts and Donations	9,367	45,904	(36,537)
Miscellaneous	221,765	61,709	160,056
Total General Revenues	<u>15,410,509</u>	<u>14,790,196</u>	<u>620,313</u>
Total Revenues	<u>21,712,327</u>	<u>21,239,332</u>	<u>472,995</u>
<b>Program Expenses:</b>			
<b>Instruction:</b>			
Regular	1,869,040	2,118,890	(249,850)
Special	489,345	1,068,513	(579,168)
Vocational	8,152,960	9,185,045	(1,032,085)
Adult/Continuing	1,363,420	1,657,376	(293,956)
Student Intervention Services	152,172	32,988	119,184
<b>Support Services:</b>			
Pupils	1,510,522	896,915	613,607
Instructional Staff	1,049,182	348,862	700,320
Board of Education	36,078	60,261	(24,183)
Administration	1,127,858	2,594,466	(1,466,608)
Fiscal	570,433	537,593	32,840
Business	158,273	181,189	(22,916)
Operation and Maintenance of Plant	1,573,701	1,421,553	152,148
Pupil Transportation	54,031	64,324	(10,293)
Central	856,941	952,167	(95,226)
Operation of Non-Instructional Services	976,686	1,150,626	(173,940)
Extracurricular Activities	52,719	42,858	9,861
Interest and Fiscal Charges	150,499	173,515	(23,016)
Total Expenses	<u>20,143,860</u>	<u>22,487,141</u>	<u>(\$2,343,281)</u>
Change in Net Assets	1,568,467	(1,247,809)	
Net Assets at Beginning of Year	<u>35,503,148</u>	<u>36,750,957</u>	
Net Assets at End of Year	<u>\$37,071,615</u>	<u>\$35,503,148</u>	

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

**Governmental Activities**

Overall revenues increased \$472,955 from fiscal year 2011 to fiscal year 2012. The major source of the increase is collecting more property tax revenues due to the debt issuance for the School Facilities project that was new in fiscal year 2011.

Overall expenses decreased \$2,343,281. The major source of the decrease is the Career Center's reduction of staff through attrition during the fiscal year to reduce expenses.

**The Career Center's Funds**

The major funds of the Career Center are the General Fund, Adult Education Special Revenue Fund, and Classroom Facilities Capital Projects Fund and are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$31,463,426 and total expenditures of \$35,262,234, and the three major funds account for 92 percent of total revenues and 90 percent of total expenditures. The net change in fund balance for the fiscal year in the General Fund, Adult Education Special Revenue Fund and Classroom Facilities Capital Projects Fund were \$1,040,296, (\$273,879) and (\$4,066,756), respectively.

For the General Fund, fund balance increased \$1,040,296. This was caused by the reduction of staff through attrition.

The Adult Education Fund balance decreased \$273,879 for fiscal year 2012. This is due to decrease of tuition and fees revenue received.

The decrease in the Classroom Facilities Capital Project Fund was the result construction on the improvement of the buildings. The project is scheduled to be completed in fiscal year 2013.

**General Fund Budgeting Highlights**

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

Budgeted revenues in the General Fund during the fiscal year had minimal changes in total between the original and final budgets of \$99,459, which is less than a one percent. Actual revenues were \$5,051 more than the final budget, which is also less than one percent increase.

Original and final budgeted expenditures had a variance in total of \$870,179. The Career Center budgeted \$19,676,737 for expenditures, but expended only \$17,525,674, a difference of \$2,151,063. The majority of the difference was in vocational instruction.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED  
(Continued)**

**Capital Assets**

Table 3 shows fiscal year 2012 balances compared to fiscal year 2011.

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

	<b>2012</b>	<b>2011</b>
Land	\$1,173,459	\$1,173,459
Construction in Progress	19,531,132	4,917,577
Buildings and Improvements	9,099,131	9,271,504
Furniture, Fixtures, and Equipment	2,419,838	2,713,881
Vehicles	43,260	54,405
Totals	<u>\$32,266,820</u>	<u>\$18,130,826</u>

Overall capital assets increased \$14,135,994 from fiscal year 2011 as additions outpaced depreciation expenses. For more information on capital assets, refer to Note 8 of the basic financial statements.

**Debt Administration**

At June 30, 2012, the Career Center had \$5,890,712 in debt outstanding in the form of a School Facilities Bond and corresponding premium. See Note 13 of the notes to the basic financial statements for more detailed information.

**Contacting the Career Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paul Carpenter, Treasurer at Upper Valley Career Center, 8811 Career Drive, Piqua, Ohio 45356, or e-mail at [carpenterp@uppervalleycc.org](mailto:carpenterp@uppervalleycc.org).

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2012**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$13,017,419
Accounts Receivable	35,931
Accrued Interest Receivable	4,319
Intergovernmental Receivable	743,575
Inventory of Supplies and Materials	40,979
Inventory Held for Resale	61,096
Property Taxes Receivable	6,432,843
Assets Held for Resale	35,483
Deferred Charges	73,463
Non-depreciable Capital Assets	20,704,591
Depreciable Capital Assets, Net	11,562,229
<b>Total Assets</b>	<b>52,711,928</b>
 <b>Liabilities:</b>	
Accounts Payable	380,235
Contracts Payable	1,204,447
Retainage Payable	271,452
Accrued Wages and Benefits Payable	1,027,440
Matured Compensated Absences Payable	29,414
Accrued Interest Payable	4,830
Intergovernmental Payable	217,102
Deferred Revenue	5,458,111
<b>Long Term Liabilities:</b>	
Due Within One Year	857,541
Due In More Than One Year	6,189,741
<b>Total Liabilities</b>	<b>15,640,313</b>
 <b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	26,525,283
<b>Restricted for:</b>	
Special Revenue	
Capital Projects	6,298,538
Debt Service	701,356
Other Purposes	225,109
Classroom Facilities Maintenance	1,012,500
Unrestricted	2,308,829
<b>Total Net Assets</b>	<b>\$37,071,615</b>

*See Accompanying Notes to the Basic Financial Statements.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Total</u>
				<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$1,869,040			(\$1,869,040)
Special	489,345		\$593,308	103,963
Vocational	8,152,960	\$62,596	2,690,055	(5,400,309)
Adult/Continuing	1,363,420	626,148	566,518	(170,754)
Student Intervention Services	152,172		15,650	(136,522)
<b>Support Services:</b>				
Pupils	1,510,522	40,441	91,176	(1,378,905)
Instructional Staff	1,049,182		204,278	(844,904)
Board of Education	36,078			(36,078)
Administration	1,127,858	236,356	136,320	(755,182)
Fiscal	570,433	23,546	3,837	(543,050)
Business	158,273			(158,273)
Operation and Maintenance of Plant	1,573,701	19,402	36,328	(1,517,971)
Pupil Transportation	54,031		5,785	(48,246)
Central	856,941	201	108	(856,632)
Operation of Non-Instructional Services	976,686	452,013	497,752	(26,921)
Extracurricular Activities	52,719			(52,719)
Interest and Fiscal Charges	150,499			(150,499)
Total Governmental Activities	<u>\$20,143,860</u>	<u>\$1,460,703</u>	<u>\$4,841,115</u>	<u>(13,842,042)</u>
<b>General Revenues:</b>				
<b>Property Taxes Levied for:</b>				
General Purposes				5,936,066
Debt Service				911,843
Grants and Entitlements not Restricted to Specific Programs				8,294,598
Investment Earnings				36,870
Gifts and Donations				9,367
Miscellaneous				221,765
Total General Revenues				<u>15,410,509</u>
Change in Net Assets				1,568,467
Net Assets at Beginning of Year				<u>35,503,148</u>
Net Assets at End of Year				<u>\$37,071,615</u>

See Accompanying Notes to the Basic Financial Statements.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>General</u>	<u>Adult Education</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$3,531,095	\$54,825	\$5,945,804	\$3,434,531	\$12,966,255
<b>Receivables:</b>					
Property Taxes	5,644,368			788,475	6,432,843
Accounts	22,338	13,593			35,931
Intergovernmental	66,134	66,605	458,117	152,719	743,575
Accrued Interest	124		2,912	1,283	4,319
Interfund	383,527				383,527
Assets Held for Resale	35,483				35,483
Inventory of Supplies and Materials	40,979				40,979
<b>Restricted Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	464				464
<b>Total Assets</b>	<u>9,724,512</u>	<u>135,023</u>	<u>6,406,833</u>	<u>4,377,008</u>	<u>20,643,376</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	126,741	13,880	106,969	132,645	380,235
Contracts Payable			1,133,385	71,062	1,204,447
Retainage Payable			255,436	16,016	271,452
Accrued Wages and Benefits Payable	956,905	24,922		45,613	1,027,440
Intergovernmental Payable	189,398	11,208		16,496	217,102
Interfund Payable	41,052	285,000		56,027	382,079
Deferred Revenue	4,992,582	11,481	458,248	830,211	6,292,522
Matured Compensated Absences Payable	24,999	4,415			29,414
<b>Total Liabilities</b>	<u>6,331,677</u>	<u>350,906</u>	<u>1,954,038</u>	<u>1,168,070</u>	<u>9,804,691</u>
<b>Fund Balances:</b>					
Non-spendable	76,926				76,926
Restricted			4,452,795	2,479,193	6,931,988
Committed	7,043				7,043
Assigned	789,010			798,955	1,587,965
Unassigned (Deficit)	2,519,856	(215,883)		(69,210)	2,234,763
<b>Total Fund Balances (Deficit)</b>	<u>3,392,835</u>	<u>(215,883)</u>	<u>4,452,795</u>	<u>3,208,938</u>	<u>10,838,685</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$9,724,512</u>	<u>\$135,023</u>	<u>\$6,406,833</u>	<u>\$4,377,008</u>	<u>\$20,643,376</u>

See Accompanying Notes to the Basic Financial Statements.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012**

Total Governmental Fund Balance	\$10,838,685
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Land	\$1,173,459	
Construction in Progress	19,531,132	
Buildings and Improvements	12,435,946	
Furniture, Fixtures, and Equipment	7,531,776	
Vehicles	291,500	
Accumulated Depreciation	<u>(8,696,993)</u>	
Total Capital Assets		32,266,820

The Internal Service Fund is used by management to charge the costs of insurance and supplies to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	110,348
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:

Property Taxes Receivable	223,384	
Intergovernmental Receivable	610,836	
Accrued Interest Receivable	<u>191</u>	
		834,411

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	73,463
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Premium on Debt Issued	(75,712)	
General Obligation Bonds	(5,815,000)	
Compensated Absences Payable	<u>(1,156,570)</u>	
		(7,047,282)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. Accrued Interest on Notes	(4,830)
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Net assets of Governmental Activities	<u><u>\$37,071,615</u></u>
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*See Accompanying Notes to the Basic Financial Statements.*



UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	Adult Education	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$5,940,589			\$911,945	\$6,852,534
Tuition and Fees	263,961	\$940,473			1,204,434
Investment Earnings	8,934		\$26,016	12,934	47,884
Intergovernmental	11,020,638	494,100	9,790,147	1,537,403	22,842,288
Charges for Services	80,926			194,003	274,929
Gifts and Donations	8,667	700		9,600	18,967
Rent	625				625
Miscellaneous	190,955	23,180		7,630	221,765
Total Revenues	<u>17,515,295</u>	<u>1,458,453</u>	<u>9,816,163</u>	<u>2,673,515</u>	<u>31,463,426</u>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	1,865,572				1,865,572
Special	533,434				533,434
Vocational	7,592,560			440,056	8,032,616
Adult/Continuing		1,178,247		170,818	1,349,065
Student Intervention Services	121,081			16,133	137,214
<b>Support Services:</b>					
Pupils	1,229,419	79,161		129,581	1,438,161
Instructional Staff	802,075			175,095	977,170
Board of Education	36,078				36,078
Administration	735,799	438,036		7,852	1,181,687
Fiscal	577,019			14,432	591,451
Business	163,128				163,128
Operation and Maintenance of Plant	1,210,131	36,510	181,746	85,766	1,514,153
Pupil Transportation	38,675			5,964	44,639
Central	792,171	378		56,397	848,946
Operation of Non-Instructional Services	283,155			680,978	964,133
Extracurricular Activities	52,719				52,719
Capital Outlay	66,983		13,701,173	845,399	14,613,555
<b>Debt Service:</b>					
Principal Retirement				760,000	760,000
Interest and Fiscal Charges				158,513	158,513
Total Expenditures	<u>16,099,999</u>	<u>1,732,332</u>	<u>13,882,919</u>	<u>3,546,984</u>	<u>35,262,234</u>
Excess of Revenues Over (Under) Expenditures	<u>1,415,296</u>	<u>(273,879)</u>	<u>(4,066,756)</u>	<u>(873,469)</u>	<u>(3,798,808)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers - In				375,000	375,000
Transfers - Out	(375,000)				(375,000)
Total Other Financing Sources (Uses)	<u>(375,000)</u>			<u>375,000</u>	
Net Change in Fund Balances	1,040,296	(273,879)	(4,066,756)	(498,469)	(3,798,808)
Fund Balances at Beginning of Year	<u>2,352,539</u>	<u>57,996</u>	<u>8,519,551</u>	<u>3,707,407</u>	<u>14,637,493</u>
Fund Balances at End of Year	<u>\$3,392,835</u>	<u>(\$215,883)</u>	<u>\$4,452,795</u>	<u>\$3,208,938</u>	<u>\$10,838,685</u>

See Accompanying Notes to the Basic Financial Statements.

**UPPER VALLEY CAREER CENTER  
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, 2012**

Net Change in Fund Balances - Total Governmental Funds (\$3,798,808)

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	\$14,613,555	
Depreciation Expense	(477,561)	
Excess of Capital Outlay Over Depreciation Expense		14,135,994

The Internal Service Fund used by management to charge the costs of insurance and supplies to individual funds is reported in the Statement of Activities. 33,150

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

Property Taxes	(4,625)	
Tuition and Fees	(19,285)	
Investment Earnings	(10,915)	
Intergovernmental	(9,716,274)	
Total		(9,751,099)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The difference in the amount of interest on the Statement of Activities is the result of the following:

General Obligation Bond Payment	760,000
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Accretion and amortization of bond issuance costs, bond premium as well as accrued interest payable on the bonds are not in the funds, but is allocated as an expense over the life of the debt in the Statement of Activities.

Amortization of Bond Premium	11,080	
Decrease in Accrued Interest	7,685	
Net Amortization of Bond Issuance Costs (Deferred Charges)	(10,751)	
		8,014

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:

Decrease in Compensated Absences	181,216
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Change in Net Assets of Governmental Activities	<u><u>\$1,568,467</u></u>
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*See Accompanying Notes to the Basic Financial Statements.*

**UPPER VALLEY CAREER CENTER  
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, 2012**

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$5,450,000	\$5,431,955	\$5,431,955	
Tuition and Fees	307,249	237,522	238,702	\$1,180
Investment Earnings	38,465	7,970	8,555	585
Intergovernmental	11,146,199	11,020,622	11,020,638	16
Charges for Services	86,967	77,096	80,926	3,830
Gifts and Donations	2,590	8,652	8,667	15
Rent	1,115	625	625	
Miscellaneous	39,531	188,215	187,640	(575)
Total Revenues	<u>17,072,116</u>	<u>16,972,657</u>	<u>16,977,708</u>	<u>5,051</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,097,684	2,028,050	1,930,538	97,512
Special	1,029,910	745,111	626,151	118,960
Vocational	9,942,199	10,084,110	8,449,539	1,634,571
Student Intervention Services	61,500	121,500	109,710	11,790
<b>Support Services:</b>				
Pupils	812,330	1,381,471	1,229,838	151,633
Instructional Staff	281,350	845,425	810,288	35,137
Board of Education	73,892	46,092	38,609	7,483
Administration	1,994,961	849,133	833,251	15,882
Fiscal	570,806	598,565	579,129	19,436
Business	184,913	168,989	164,286	4,703
Operation and Maintenance of Plant	1,608,902	1,378,552	1,351,635	26,917
Pupil Transportation	126,988	53,523	48,690	4,833
Central	1,003,504	854,316	850,505	3,811
Operation of Non-Instructional Services	524,902	382,395	370,986	11,409
Extracurricular Activities	69,847	63,072	60,949	2,123
Capital Outlay	163,228	76,433	71,570	4,863
Total Expenditures	<u>20,546,916</u>	<u>19,676,737</u>	<u>17,525,674</u>	<u>2,151,063</u>
Excess of Revenues Under Expenditures	<u>(3,474,800)</u>	<u>(2,704,080)</u>	<u>(547,966)</u>	<u>2,156,114</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	1,000			
Refund of Prior Year Expenditure	15,000	3,469	3,469	
Refund of Prior Year Receipts	(500)	(1,000)	(886)	114
Advances - In		45,500	20,500	(25,000)
Transfers - Out	(100,000)	(375,000)	(375,000)	
Advances - Out	(25,000)	(280,000)	(280,000)	
Total Other Financing Sources (Uses)	<u>(109,500)</u>	<u>(607,031)</u>	<u>(631,917)</u>	<u>(24,886)</u>
Net Change in Fund Balance	(3,584,300)	(3,311,111)	(1,179,883)	2,131,228
Fund Balance at Beginning of Year	2,758,557	2,758,557	2,758,557	
Prior Year Encumbrances Appropriated	1,149,571	1,149,571	1,149,571	
Fund Balance at End of Year	<u>\$323,828</u>	<u>\$597,017</u>	<u>\$2,728,245</u>	<u>\$2,131,228</u>

See Accompanying Notes to the Basic Financial Statements.

**UPPER VALLEY CAREER CENTER  
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, 2012**

	<u>Budgeted Amounts</u>			<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Tuition and Fees	\$1,607,000	\$994,001	\$1,007,095	\$13,094
Intergovernmental	410,000	494,100	494,100	
Gifts and Donations		700	700	
Miscellaneous	10,000	3,815	3,815	
Total Revenues	<u>2,027,000</u>	<u>1,492,616</u>	<u>1,505,710</u>	<u>13,094</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Adult/Continuing	1,360,342	1,287,133	1,207,917	79,216
<b>Support Services:</b>				
Pupils	157,453	119,553	83,793	35,760
Administration	341,619	325,239	477,124	(151,885)
Operation and Maintenance of Plant	50,127	43,502	42,994	508
Central		700	397	303
Total Expenditures	<u>1,909,541</u>	<u>1,776,127</u>	<u>1,812,225</u>	<u>(36,098)</u>
Excess of Revenues (Over) Expenditures	<u>117,459</u>	<u>(283,511)</u>	<u>(306,515)</u>	<u>(23,004)</u>
<b>Other Financing Sources:</b>				
Refund of Prior Year Expenditure		19,365	19,365	
Advances - In		250,000	250,000	
Total Other Financing Sources		<u>269,365</u>	<u>269,365</u>	
Net Change in Fund Balance	117,459	(14,146)	(37,150)	(23,004)
Fund Balance (Deficit) at Beginning of Year	(11,583)	(11,583)	(11,583)	
Prior Year Encumbrances Appropriated	48,990	48,990	48,990	
Fund Balance at End of Year	<u>\$154,866</u>	<u>\$23,261</u>	<u>\$257</u>	<u>(\$23,004)</u>

See Accompanying Notes to the Basic Financial Statements.

UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

STATEMENT OF FUND NET ASSETS  
INTERNAL SERVICE FUND  
JUNE 30, 2012

	<u>Warehouse</u>
<b>Assets:</b>	
<b>Current Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$50,700
Inventory Held for Resale	61,096
Interfund Receivable	41,052
Total Assets	<u>152,848</u>
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Interfund Payable	42,500
Compensated Absences Payable	919
Total Current Liabilities	<u>43,419</u>
<b>Long-Term Liabilities:</b>	
Compensated Absences Payable	3,569
Total Liabilities	<u>46,988</u>
<b>Net Assets:</b>	
Unrestricted	<u><u>\$105,860</u></u>

*See Accompanying Notes to the Basic Financial Statements.*

UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Warehouse</u>
<b>Operating Revenues:</b>	
Charges for Services	<u>\$168,737</u>
<b>Operating Expenses:</b>	
Salaries and Wages	29,627
Fringe Benefits	6,577
Cost of Sales	99,477
Other	160
Total Operating Expenses	<u>135,841</u>
Change in Net Assets	32,896
Net Assets at Beginning of Year	<u>72,964</u>
Net Assets at End of Year	<u><u>\$105,860</u></u>

*See Accompanying Notes to the Basic Financial Statements.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Warehouse</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Interfund Services Provided	\$167,151
Cash Payments for Employee Services and Benefits	(36,103)
Cash Payments to Suppliers for Goods and Services	(106,349)
Net Cash Provided by Operating Activities	24,699
 Net Increase in Cash and Cash Equivalents	 24,699
 Cash and Cash Equivalents at Beginning of Year	 26,001
 Cash and Cash Equivalents at End of Year	 \$50,700
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$32,896
 <b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>	
<b>Changes in Assets and Liabilities:</b>	
Increase in Inventory Held for Resale	(6,712)
Increase in Interfund Receivable	(1,586)
Decrease in Intergovernmental Payable	(153)
Increase in Compensated Absences Payable	254
Net Cash Provided by Operating Activities	\$24,699

*See Accompanying Notes to the Basic Financial Statements.*

UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$7,565	\$96,534
	<u>                    </u>	<u>                    </u>
<b>Liabilities:</b>		
Undistributed Monies		\$96,534
		<u>                    </u>
<b>Net Assets:</b>		
Held in Trust for Pool of Participants	\$7,565	
	<u>                    </u>	

*See Accompanying Notes to the Basic Financial Statements.*



UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	\$647
Gifts and Donations	10,000
Total Additions	<u>10,647</u>
<b>Deductions:</b>	
Payments in Accordance with Trust Agreements	<u>17,389</u>
Change in Net Assets	(6,742)
Net Assets at Beginning of Year	<u>14,307</u>
Net Assets at End of Year	<u><u>\$7,565</u></u>

*See Accompanying Notes to the Basic Financial Statements.*

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**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**1. DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY**

Upper Valley Career Center (the "Career Center") 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 Career Center 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 Career Center includes 14 member School Districts throughout all or portions of Auglaize, Darke, Logan, Miami, and Shelby Counties. The first official body designated as the Upper Valley Career Center Board of Education was formed in 1972. Between the end of fiscal year 2011 and the start of fiscal year 2012 Upper Valley changed its name from Joint Vocational School District to Career Center.

The Career Center operates under a Board of Education consisting of 11 representatives who are members of the Boards of Education of the participating schools. One member is appointed from each of the following: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city and/or county School Districts: Piqua, Shelby, Sidney, and Troy. The Board of Education is responsible for providing vocational job training to residents of the participating School Districts.

**Reporting Entity:**

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

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

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

The Career Center participates in three jointly governed organizations, one insurance purchasing pool, and one public entity shared risk pool. These organizations are discussed in Note 15 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 CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**1. DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY (Continued)**

Insurance Purchasing Pool:  
Southwestern Ohio Educational Purchasing Council Workers'  
Compensation Group Rating Plan

Public Entity Shared Risk Pool:  
Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

The Career Center'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 Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the Internal Service Fund 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 Career Center, 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 Career Center at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Career Center'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 Career Center, 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 Career Center.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fund Financial Statements:**

During the fiscal year, the Career Center segregates transactions related to certain Career Center 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 Career Center at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Internal Service Fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

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

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions of the Career Center 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 Career Center's major governmental funds:

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

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

**Classroom Facilities Capital Projects Fund** - The Classroom Facilities Capital Projects Fund accounts for and reports restricted revenues and expenditures in connection with contracts entered into by the Career Center and the Ohio Department of Education for the building and equipping of classroom facilities.

The other governmental funds of the Career Center account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Proprietary Fund:**

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

**3. Fiduciary Funds:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. The Career Center'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 Career Center'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 Career Center are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

**2. Fund Financial Statements:**

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

Like the government-wide financial statements, the Internal Service Fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund 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 Career Center finances and meets the cash flow needs of its internal service activities.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**D. Basis of Accounting**

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

**1. Revenues - Exchange and Non-exchange Transactions:**

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

Non-exchange transactions, in which the Career Center 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 Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**2. Deferred Revenue:**

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Expenses/Expenditures:**

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

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

**E. Cash and Cash Equivalents**

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

During fiscal year 2012, the Career Center invested in federal agency securities, US Treasury Notes, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share price which is the price the investment could be sold for on June 30, 2012.

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 2012 amounted to \$8,934, which includes \$6,168 assigned from other Career Center 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 Career Center are presented on the financial statements as cash equivalents.

**F. Interfund Balances**

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

**G. Assets Held for Resale**

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



**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Inventory**

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

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2012, 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 Career Center for the amounts representing unclaimed monies.

**K. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$1,200. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Bond Premiums/Issuance Costs**

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

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

**M. Accrued Liabilities and Long-term Obligations**

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

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

**N. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center 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 Career Center'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 CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Non-spendable** – The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**Restricted** – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Career Center. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Career Center.

**Unassigned** – Unassigned fund balance amounts are the residual classification of the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had not been restricted, committed, or assigned.

**P. 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 Career Center 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 Career Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Operating Revenues and Expenses**

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

**R. Internal Activity**

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

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

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

**S. Budgetary Process**

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

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

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**T. Estimates**

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

**3. ACCOUNTABILITY**

The Adult Education, Public School Preschool, ABLE, and Carl Perkins Special Revenue Funds had deficit fund balances at June 30, 2012, of \$215,883, \$13,506, \$24,474, and \$31,230, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**4. BUDGETARY BASIS OF ACCOUNTING**

While the Career Center is reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund and the Adult Education Special Revenue Fund are 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 restricted, committed or assigned 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.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

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

<b>Net Change in Fund Balances</b>		
	<b>General</b>	<b>Adult Education</b>
GAAP Basis	\$1,040,296	(\$273,879)
Net Adjustment for Revenue Accruals	(533,835)	66,622
Net Adjustment for Expenditure Accruals	(623,621)	(25,326)
Change in Fair Value of Investments - FY 2011	(656)	
Change in Fair Value of Investments - FY 2012	373	
Advances	(259,500)	250,000
Adjustment for Encumbrances	(802,940)	(54,567)
Budget Basis	(\$1,179,883)	(\$37,150)

**5. DEPOSITS AND INVESTMENTS**

Monies held by the Career Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Career Center treasury. Active monies must be maintained either as cash in the Career Center 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 Career Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

**A. Investments**

As of June 30, 2012, the Career Center had the following investments. All investments are in an internal investment pool.

	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>	<u>Maturity Due in 1-2 Years</u>	<u>Maturity Due in 3-4 Years</u>	<u>S&amp;P Rating</u>	<u>Percent of Total Investments</u>
First American Treasury Bonds	\$ 8,783	\$ 8,783			AAAm	0.15%
Federal Home Loan Bank Notes	3,221,697	1,415,056	\$1,806,641		AAA	54.94%
Federal Home Loan Mortgage Corporation Notes	275,318	275,318			AAA	4.70%
Federal National Mortgage Association Notes	1,803,807	625,511	327,148	\$851,148	AAA	30.76%
US Treasury Bills	249,605	249,605			AAA	4.25%
STAROhio	304,790	304,790			AAAm	5.20%
	<u>\$5,864,000</u>	<u>\$2,879,063</u>	<u>\$2,133,789</u>	<u>\$851,148</u>		

**Interest Rate Risk** – The Career Center 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 Career Center, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase.

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

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

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the Career Center. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Career Center receives property taxes from Miami, Darke, Shelby, Auglaize, and Logan Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 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 and public utility property taxes which were measurable as of June 30, 2012 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 reflected 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, 2012, was \$802,061 and is recognized as revenue: \$691,023 in the General Fund and \$111,038 in the Other Governmental Funds. The amount available as an advance at June 30, 2011, was \$182,389 in the General Fund and \$28,249 in Other Governmental Funds.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	<b>2011 Second – Half Collections</b>		<b>2012 First - Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Real Estate	\$2,168,217,110	97.27%	\$2,187,629,210	97.28%
Public Utility Personal	60,759,070	2.73	61,027,520	2.72
Total	<u>\$2,228,976,180</u>	<u>100.00%</u>	<u>\$2,248,656,730</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$5.36		\$5.32	



**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**7. RECEIVABLES**

Receivables at June 30, 2012, consisted of property taxes, accounts (tuition, charges for services, and student fees), intergovernmental (grants and tuition and fees), accrued interest and interfund. All receivables are considered collectible in full and all will be received within one year with exception of the property taxes and the Ohio School Facilities Commission Grant. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Ohio School Facilities Commission Grant monies will be collected over the life of the construction of the new facility.

A summary of the principal items of intergovernmental receivables follows:

<b>Governmental Activities:</b>	<b>Amount</b>
Tuition and Fees	\$132,739
Ohio School Facilities Grant	458,117
Misc. State Grants	4,000
Public School Preschool Grant	11,384
ABLE Grant	92,934
Carl Perkins Grant	37,649
Title II-A	6,752
Total Intergovernmental Receivable	<u>\$743,575</u>

**8. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2012, was as follows:

	<b>Balance At 6/30/2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance At 6/30/2012</b>
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated:</b>				
Land	\$ 1,173,459			\$ 1,173,459
Construction in Progress	4,917,577	\$14,613,555		19,531,132
Total Capital Assets, Not Being Depreciated	6,091,036	14,613,555		20,704,591
<b>Depreciable Capital Assets:</b>				
Buildings and Improvements	12,435,946			12,435,946
Furniture, Fixtures, and Equipment	7,531,776			7,531,776
Vehicles	291,500			291,500
Total Depreciable Capital Assets	20,259,222			20,259,222
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(3,164,442)	(172,373)		(3,336,815)
Furniture, Fixtures, and Equipment	(4,817,895)	(294,043)		(5,111,938)
Vehicles	(237,095)	(11,145)		(248,240)
Total Accumulated Depreciation	(8,219,432)	(477,561) *		(8,696,993)
Depreciable Capital Assets, Net	12,039,790	(477,561)		11,562,229
Governmental Activities Capital Assets, Net	<u>\$18,130,826</u>	<u>\$14,135,994</u>	<u>\$0</u>	<u>\$32,266,820</u>

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**8. CAPITAL ASSETS (Continued)**

\* Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$37,907
Special	1,512
Vocational	281,571
Adult/Continuing	19,370
<b>Support Services:</b>	
Pupils	10,700
Instructional Staff	3,519
Administration	31,315
Fiscal	545
Business	748
Operation and Maintenance of Plant	59,788
Pupil Transportation	9,392
Central	9,416
Operation of Non-Instructional Services	11,778
Total Depreciation Expense	<u>\$477,561</u>

**9. RISK MANAGEMENT**

**A. Property and Liability**

The Career Center 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 2012, the Career Center contracted with the Selective Insurance Company of South Carolina for property, fleet, stop gap, employee benefits, and liability insurance.

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 2012, the Career Center participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of 35 school districts (Note 15). The Career Center pays monthly premiums to the Trust for employee medical, dental, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**C. Workers' Compensation**

For fiscal year 2012, the Career Center participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Corvel Corporation provides administrative, cost control, and actuarial services to the GRP.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

**Plan Description** – The Career Center participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$259,671, \$238,827 and \$274,345, respectively. The full amount has been contributed for fiscal years 2012, 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

**Plan Description** – The Career Center 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 can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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 multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

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

**Funding Policy** - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$1,355,441, \$1,484,754, and \$1,635,605, respectively. For fiscal year 2012, 90.20 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2012 were \$68,182 made by the Career Center and \$48,701 made by the plan members. In addition, member contributions of \$28,052 were made for fiscal year 2012 for the defined contribution portion of the Combined Plan.

**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, 2012, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**11. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Plan Description** – The Career Center participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS (Continued)**

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2012, 0.55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2012, this amount was \$35,800. During fiscal year 2012, the Career Center paid \$30,692 in surcharge.

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

The Career Center's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$41,938, \$64,718 and \$52,940, respectively. For fiscal year 2012, 99.74 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010, were \$15,335 \$15,387, and \$16,315 respectively. The full amount has been contributed for fiscal years 2012, 2011 and 2010.

**B. State Teachers Retirement System of Ohio**

**Plan Description** – The Career Center participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The Career Center's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$104,265, \$114,212, and \$125,816 respectively. For fiscal year 2012, 90.20 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(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 are granted two weeks of paid vacation. They are granted one additional day of paid vacation for every full year of service to the Career Center after the completion of five years. After 20 years of service, the employee will have 25 days of paid vacation. Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Director and Treasurer. Accumulated, unused vacation time is paid to classified employees upon termination of employment.

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

**B. Insurance Benefits**

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

**13. LONG-TERM OBLIGATIONS**

The changes in the Career Center's long-term obligations during fiscal year 2012 were as follows:

	<b>Outstanding 6/30/11</b>	<b>Additions</b>	<b>Deductions</b>	<b>Outstanding 6/30/12</b>	<b>Due in One Year</b>
<b>Governmental Activities:</b>					
School Facilities Serial Bonds	\$6,575,000		\$760,000	\$5,815,000	\$775,000
Premium on Bonds	86,792		11,080	75,712	
Compensated Absences	1,337,785	\$211,890	393,105	1,156,570	82,541
Total Long-Term Liabilities	<u>\$7,999,577</u>	<u>\$211,890</u>	<u>\$1,164,185</u>	<u>\$7,047,282</u>	<u>\$857,541</u>

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

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2012, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2013	\$ 775,000	\$150,913
2014	790,000	135,413
2015	810,000	119,613
2016	825,000	101,388
2017	845,000	80,763
2018-2019	1,770,000	86,775
Total	<u>\$5,815,000</u>	<u>\$674,865</u>

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

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

The Career Center's overall legal debt margin was \$197,244,708 and the unvoted debt margin was \$2,248,661 at June 30, 2012.

**14. INTERFUND ASSETS/LIABILITIES AND TRANSFERS**

		Receivable		
		General	Internal Service	Total
Payable	General		\$41,052	\$ 41,052
	Adult Education	\$285,000		285,000
	Internal Service	42,500		42,500
	Other Governmental	56,027		56,027
	Total	\$383,527	\$41,052	\$424,579

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

The General Fund had transfers-out to the Other Governmental Funds of \$375,000. Transfers are made to move General Fund revenues that are used to subsidize various programs in other funds.

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

**A. Jointly Governed Organizations**

**Southwestern Ohio Educational Purchasing Council** - The Career Center participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 School Districts in 12 counties. The purpose of SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Payments to SOEPC are made from the General Fund. During fiscal year 2012, the Career Center paid \$168,519 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**Southwestern Ohio Instructional Technology Association** - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of SOITA is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e, Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a State or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2012, the Career Center paid \$859 to SOITA for services provided during the fiscal year. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Dave Gibson, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**Western Ohio Computer Organization** - The Career Center 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 Career Center paid WOCO \$85,226 for services provided during the fiscal year. Financial information can be obtained from Donn Walls, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

**B. Insurance Purchasing Pool**

**Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan** - The Career Center participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.



**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**C. Public Entity Shared Risk Pool**

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

**16. SET-ASIDE CALCULATIONS**

The Career Center is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula 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 capital improvements. Disclosure of this information is required by State statute.

	<b>Capital Improvements</b>
Set-aside Reserve Balance as of June 30, 2011	
Current Fiscal Year Set-aside Requirement	\$181,323
Current Fiscal Year Offsets	(145,519)
Qualifying Disbursements	(35,804)
Set-aside Reserve Balance as of June 30, 2012	\$ 0
Set-aside Balances Carried Forward to Future Fiscal Years	\$ 0

Amounts of offsets and qualifying disbursements presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the Career Center may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore are not presented as being carried forward to the next fiscal year. In previous fiscal years, the Career Center was required to have a textbook requirement. Effective July 1, 2011, House Bill 30 of the 129<sup>th</sup> General Assembly repealed the textbook requirement.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**17. CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2012, the Career Center has implemented *Governmental Accounting Standard Board (GASB) Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53."* GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this Statement did not result in any change in the Career Center's financial statements.

**18. FUND BALANCES**

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Adult Education</u>	<u>Classroom Facilities</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
<b>Non-spendable:</b>					
Assets Held for Resale	\$ 35,483				\$ 35,483
Inventory	40,979				40,979
Unclaimed Monies	464				464
Total Non-spendable	<u>76,926</u>				<u>76,926</u>
<b>Restricted for:</b>					
Adult Education				\$ 6,969	6,969
Classroom Facilities			\$4,452,795	1,461,572	5,914,367
Permanent Improvement				139,427	139,427
Bond Retirement				755,909	755,909
Food Service Operations				71,198	71,198
Career Enhancement				7,267	7,267
Data Communications				13,126	13,126
State and Federal Grants				23,725	23,725
Total Restricted			<u>4,452,795</u>	<u>2,479,193</u>	<u>6,931,988</u>
<b>Committed to:</b>					
Other Purposes	<u>7,043</u>				<u>7,043</u>
<b>Assigned to:</b>					
Willowbrook Wetlands					
Project	113,439				113,439
Permanent Improvement				798,955	798,955
Other Purposes	675,571				675,571
Total Assigned	<u>789,010</u>			<u>798,955</u>	<u>1,587,965</u>
Unassigned (Deficit)	<u>2,519,856</u>	<u>(215,883)</u>		<u>(69,210)</u>	<u>2,234,763</u>
Total Fund Balances	<u>\$3,392,835</u>	<u>(\$215,883)</u>	<u>\$4,452,795</u>	<u>\$3,208,938</u>	<u>\$10,838,685</u>

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)**

**19. CONTINGENCIES**

**A. Grants**

The Career Center 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 are 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 Career Center at June 30, 2012.

**B. Litigation**

The Career Center is party to legal proceedings. The Career Center is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the Career Center.

**20. CONTRACTUAL COMMITMENTS**

The following table provides a summary of the outstanding contractual commitments for the Ohio Schools Facilities Project as of June 30, 2012:

<b>Contractor</b>	<b>Contract Amount</b>	<b>Amount Expended</b>	<b>Amount Remaining</b>
Cincinnati/Dayton Fire protection	\$ 292,375	\$ 211,812	\$ 80,563
DeBra Kuempel	4,418,287	3,285,419	1,132,868
Active Electric	3,655,830	3,255,731	400,099
Ohio Valley Integration	1,671,286	1,386,974	284,312
Staffco Construction	5,671,995	3,690,336	1,981,659
Levin Porter Association	1,585,043	1,378,987	206,056
Kelly Brothers	1,229,503	1,000,083	229,420
Strum Construction	133,460		133,460
Trane Company	112,545	77,059	35,486
Total Environment	53,255	39,644	13,611
	<u>\$18,823,579</u>	<u>\$14,326,045</u>	<u>\$4,497,534</u>

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UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>					
<i>Passed through the Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	36,872		36,872	
National School Lunch Program	10.555	115,154	\$22,127	115,154	\$22,127
Total Child Nutrition Cluster		<u>152,026</u>	<u>22,127</u>	<u>152,026</u>	<u>22,127</u>
Total U.S. Department of Agriculture		<u>152,026</u>	<u>22,127</u>	<u>152,026</u>	<u>22,127</u>
<b>U.S. Department of Education</b>					
<i>Passed through the Ohio Department of Education</i>					
Adult Education - Basic Grants to States	84.002	311,192		311,349	
Career and Technical Education - Basic Grants to States	84.048	381,251		384,126	
Improving Teacher Quality State Grants	84.367	10,462		12,601	
<i>Passed through the Ohio Rehabilitation Services Commission</i>					
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	157,230		89,346	
<i>Direct Receipt</i>					
Student Financial Assistance Cluster					
Federal Pell Grant Program	84.063	317,699		317,699	
Federal Direct Student Loans	84.268	430,462		430,462	
Total Student Financial Assistance Cluster		<u>748,161</u>		<u>748,161</u>	
Total U.S. Department of Education		<u>1,608,296</u>		<u>1,545,583</u>	
Total Federal Financial Assistance		<u>\$1,760,322</u>	<u>\$22,127</u>	<u>\$1,697,609</u>	<u>\$22,127</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Upper Valley Career Center's (the Career Center's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The Career Center commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Career Center assumes it expends federal monies first.

**NOTE C - FOOD DONATION PROGRAM**

The Career Center reports commodities consumed on the Schedule at the fair value. The Career Center allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the Career Center to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Career Center has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

Upper Valley Career Center  
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 Career Center, Miami County, (the Career Center) as of and for the year ended June 30, 2012, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated February 25, 2013. 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 Career Center's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over financial reporting.

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

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

### Compliance and Other Matters

As part of reasonably assuring whether the Career Center'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 matters not requiring inclusion in this report that we reported to the Career Center's management in a separate letter dated February 25, 2013.

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

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

**Dave Yost**  
Auditor of State

February 25, 2013





# Dave Yost • Auditor of State

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

Upper Valley Career Center  
Miami County  
8811 Career Drive  
Piqua, Ohio 45356

To the Board of Education:

### Compliance

We have audited the compliance of Upper Valley Career Center, Miami County (the Career Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Upper Valley Career Center's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Career Center's major federal programs. The Career Center'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 opine on the Career Center's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Career Center's compliance with these 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 Career Center's compliance with these requirements.

In our opinion, the Upper Valley Career Center complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

The Career Center'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 Career Center's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over compliance.

**Internal Control Over Compliance  
(Continued)**

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

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Career Center's management in a separate letter dated February 25, 2013.

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



**Dave Yost**  
Auditor of State

February 25, 2013

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Adult Education – Basic Grants to States: CFDA #84.002  Career and Technical Education – Basic Grants to States: CFDA #84.048  Student Financial Assistance Cluster Federal Pell Grant Program: CFDA #84.063 Federal Direct Student Loans: CFDA #84.268
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

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None

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**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

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None



# Dave Yost • Auditor of State

UPPER VALLEY CAREER CENTER

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  
MARCH 26, 2013