



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**





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Betty Montgomery**

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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

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

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## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Upper Valley Joint Vocational School District, Miami County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Upper Valley Joint Vocational School District, Miami County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

December 26, 2002



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UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT  
MIAMI COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNTS GROUPS  
JUNE 30, 2002

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
<b>Assets and Other Debits</b>					
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$5,333,940	\$357,414	\$1,404,636	\$117,224	\$443,127
Receivables:					
Property Taxes	7,288,396				
Accounts Intergovernmental	4,001	67,651		6,800	1,426
Interfund	94,033	142,351		7,837	
Due From Other Funds	293,497				
Prepaid Items		19,099		1,366	390
Inventory of Supplies and Materials	14,466				
Inventory Held for Resale	1,230			642	
Restricted Asset:					
Equity in Pooled Cash and Cash Equivalents	12,392				
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				133	
Assets Held for Resale	146,082				
Other Debits:					
Amount to be Provided for Retirement of General Long-Term Obligations					
<b>Total Assets and Other Debits</b>	<u>13,188,037</u>	<u>586,515</u>	<u>1,404,636</u>	<u>148,522</u>	<u>505,104</u>
<b>Liabilities, Fund Equity and Other Credits</b>					
<b>Liabilities:</b>					
Accounts Payable	88,930	26,195	26,715	192	469
Contracts Payable					
Accrued Wages and Benefits Payable	840,234	61,439		3,054	
Compensated Absences Payable	14,341			7,227	698
Interfund Payable		285,497		8,000	
Due to Other Funds	1,198	19,657			
Intergovernmental Payable	146,328	13,443		4,048	17
Deferred Revenue	6,990,938	133,133			
Due to Students					
Claims Payable					84,113
Applied Technology Loan Payable					
Energy Conservation Loan Payable					
<b>Total Liabilities</b>	<u>8,081,969</u>	<u>539,364</u>	<u>26,715</u>	<u>22,521</u>	<u>85,297</u>
<b>Fund Equity and Other Credits:</b>					
Investment in General Fixed Assets					
Contributed Capital				169,666	
Retained Earnings:					
Unreserved (Deficit)				(43,665)	419,807
Fund Balance:					
Reserved for Encumbrances	286,934	44,519			
Reserved for Inventory	1,230				
Reserved for Property Taxes	299,069				
Reserved for Unclaimed Monies	1,276				
Reserved for Assets Held for Resale	146,082				
Reserved for Textbooks and Instructional Materials	12,392				
Unreserved:					
Designated for Textbooks and Instructional Materials	30,753				
Designated for Capital Improvements	259,634				
Undesignated	4,068,698	2,632	1,377,921		
<b>Total Fund Equity and Other Credits</b>	<u>5,106,068</u>	<u>47,151</u>	<u>1,377,921</u>	<u>126,001</u>	<u>419,807</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$13,188,037</u>	<u>\$586,515</u>	<u>\$1,404,636</u>	<u>\$148,522</u>	<u>\$505,104</u>

See Accompanying Notes to the General Purpose Financial Statements.

Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
\$47,574			\$7,703,915
			7,288,396
			79,878
20,532			264,753
			293,497
			20,855
			14,466
			1,872
			74,681
			12,392
	\$14,233,195		14,233,328
			146,082
		\$986,584	986,584
68,106	14,233,195	986,584	31,120,699
			\$142,501
			904,727
		747,709	769,975
			293,497
			20,855
		16,450	180,286
			7,124,071
61,971			61,971
			84,113
		142,425	142,425
		80,000	80,000
61,971		986,584	9,804,421
	14,233,195		14,233,195
			169,666
			376,142
			331,453
			1,230
			299,069
			1,276
			146,082
			12,392
			30,753
6,135			259,634
6,135	14,233,195		5,455,386
6,135	14,233,195		21,316,278
\$68,106	\$14,233,195	\$986,584	\$31,120,699

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT  
MIAMI COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types			Fiduciary Fund Type	(Total Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<b>Revenues:</b>						
Property Taxes	\$7,165,849					\$7,165,849
Tuition and Fees	17,250	\$1,147,342				1,164,592
Interest	148,414			\$34,247	\$561	183,222
Intergovernmental	7,205,342	1,546,612				8,751,954
Rent	7,318					7,318
Gifts and Donations	1,768	11,615			21,000	34,383
Customer Service	51,156					51,156
Miscellaneous	56,918	11,203				68,121
<b>Total Revenues</b>	<b>14,654,015</b>	<b>2,716,772</b>		<b>34,247</b>	<b>21,561</b>	<b>17,426,595</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,355,816	1,709				1,357,525
Special	575,197					575,197
Vocational	6,856,728	272,907				7,129,635
Adult/Continuing		1,530,552			35,466	1,566,018
Other		30,978				30,978
Support Services:						
Pupils	836,768	330,424				1,167,192
Instructional Staff	136,168	73,808				209,976
Board of Education	82,500					82,500
Administration	1,534,588	298,166				1,832,754
Fiscal	391,820	1,759				393,579
Business	118,083					118,083
Operation and Maintenance of Plant	1,060,724	56,493				1,117,217
Pupil Transportation	43,163			2,500		45,663
Central	351,550	111,887				463,437
Operation of Non-Instructional Services	63,507	9,330				72,837
Extracurricular Activities	41,595					41,595
Capital Outlay	199,334			26,932		226,266
<b>Debt Service:</b>						
Principal Retirement	40,000		\$31,650			71,650
Interest and Fiscal Charges	6,420					6,420
<b>Total Expenditures</b>	<b>13,693,961</b>	<b>2,718,013</b>	<b>31,650</b>	<b>29,432</b>	<b>35,466</b>	<b>16,508,522</b>
Excess of Revenues Over (Under) Expenditures	960,054	(1,241)	(31,650)	4,815	(13,905)	918,073
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	128,374					128,374
Operating Transfers - In		378,629	31,650			410,279
Operating Transfers - Out	(440,279)					(440,279)
<b>Total Other Financing Sources (Uses)</b>	<b>(311,905)</b>	<b>378,629</b>	<b>31,650</b>			<b>98,374</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	648,149	377,388		4,815	(13,905)	1,016,447
Fund Balances (Deficit) at Beginning of Year	4,457,858	(330,237)		1,373,106	20,040	5,520,767
Increase in Reserve for Inventory	61					61
<b>Fund Balances at End of Year</b>	<b>\$5,106,068</b>	<b>\$47,151</b>	<b>\$0</b>	<b>\$1,377,921</b>	<b>\$6,135</b>	<b>\$6,537,275</b>

See Accompanying Notes to the General Purpose Financial Statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$6,917,041	\$7,078,056	\$161,015			
Tuition and Fees	19,500	15,257	(4,243)	\$993,500	\$1,137,326	\$143,826
Interest	290,000	148,562	(141,438)			
Intergovernmental	6,784,120	7,170,751	386,631	1,916,157	1,548,514	(367,643)
Rent	6,000	7,318	1,318			
Gifts and Donations	6,500	2,208	(4,292)	6,479	11,615	5,136
Customer Services	192,200	137,075	(55,125)			
Miscellaneous	17,100	57,055	39,955	18,000	11,203	(6,797)
Total Revenues	<u>14,232,461</u>	<u>14,616,282</u>	<u>383,821</u>	<u>2,934,136</u>	<u>2,708,658</u>	<u>(225,478)</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,510,931	1,352,046	158,885	2,000	1,709	291
Special	613,616	567,835	45,781			
Vocational	10,674,354	7,090,143	3,584,211	345,583	300,795	44,788
Adult/Continuing				1,641,358	1,557,107	84,251
Other				31,217	31,217	
Support Services:						
Pupils	938,231	832,166	106,065	398,560	324,535	74,025
Instructional Staff	193,459	152,681	40,778	84,787	76,386	8,401
Board of Education	93,016	86,006	7,010			
Administration	1,573,671	1,550,293	23,378	345,127	312,391	32,736
Fiscal	400,437	391,347	9,090	2,129	1,818	311
Business	118,852	117,689	1,163			
Operation and Maintenance of Plant	1,280,080	1,125,967	154,113	54,789	54,222	567
Pupil Transportation	59,973	50,517	9,456	116		116
Central	523,097	371,021	152,076	128,993	120,390	8,603
Operation of Non-Instructional Services	205,237	85,758	119,479	17,740	2,769	14,971
Extracurricular Activities	41,060	40,720	340			
Capital Outlay	705,211	241,768	463,443	200		200
Debt Service:						
Principal Retirement	40,000	40,000				
Interest and Fiscal Charges	6,420	6,420				
Total Expenditures	<u>18,977,645</u>	<u>14,102,377</u>	<u>4,875,268</u>	<u>3,052,599</u>	<u>2,783,339</u>	<u>269,260</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,745,184)</u>	<u>513,905</u>	<u>5,259,089</u>	<u>(118,463)</u>	<u>(74,681)</u>	<u>43,782</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	140,000	128,397	(11,603)			
Refund of Prior Year Expenditures	3,000	5,083	2,083	2,000	969	(1,031)
Refund of Prior Year Receipts	(1,738)	(234)	1,504	(6,991)	(6,991)	
Advances - In	150,000	587,473	437,473		285,497	285,497
Advances - Out	(150,000)	(293,497)	(143,497)		(567,473)	(567,473)
Operating Transfers - In				409,621	378,629	(30,992)
Operating Transfers - Out	(471,271)	(440,279)	30,992			
Total Other Financing Sources (Uses)	<u>(330,009)</u>	<u>(13,057)</u>	<u>316,952</u>	<u>404,630</u>	<u>90,631</u>	<u>(313,999)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(5,075,193)</u>	<u>500,848</u>	<u>5,576,041</u>	<u>286,167</u>	<u>15,950</u>	<u>(270,217)</u>
Fund Balances at Beginning of Year	3,879,997	3,879,997		220,179	220,179	
Prior Year Encumbrances Appropriated	607,724	607,724		62,736	62,736	
Fund Balances (Deficit) at End of Year	<u>(\$587,472)</u>	<u>\$4,988,569</u>	<u>\$5,576,041</u>	<u>\$569,082</u>	<u>\$298,865</u>	<u>(\$270,217)</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$50,000	\$34,247	(\$15,753)	\$1,205	\$561	(\$644)
						22,500	21,000	(1,500)
			50,000	34,247	(15,753)	23,705	21,561	(2,144)
						43,635	35,466	8,169
						111		111
			2,520	2,500	20			
			1,420,986	648	1,420,338			
\$31,650	\$31,650							
31,650	31,650		1,423,506	3,148	1,420,358	43,746	35,466	8,280
(31,650)	(31,650)		(1,373,506)	31,099	1,404,605	(20,040)	(13,905)	6,135
31,650	31,650							
31,650	31,650							
			(1,373,506)	31,099	1,404,605	(20,040)	(13,905)	6,135
			1,373,106	1,373,106		20,040	20,040	
			400	400				
\$0	\$0	\$0	\$0	\$1,404,605	\$1,404,605	\$0	\$6,135	\$6,135

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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<b>Enterprise</b>	<b>Internal Service</b>	<b>Total (Memorandum Only)</b>
<b>Operating Revenues:</b>			
Sales	\$405,255	\$113,303	\$518,558
Charges for Services		908,451	908,451
Other Revenues		34,810	34,810
Total Operating Revenues	<u>405,255</u>	<u>1,056,564</u>	<u>1,461,819</u>
<b>Operating Expenses:</b>			
Salaries and Wages	118,189	6,700	124,889
Fringe Benefits	31,483	1,859	33,342
Purchased Services	521	202,334	202,855
Supplies and Materials	151		151
Cost of Sales	285,675	99,260	384,935
Other	136	31	167
Depreciation	352		352
Claims		991,755	991,755
Total Operating Expenses	<u>436,507</u>	<u>1,301,939</u>	<u>1,738,446</u>
Operating Loss	<u>(31,252)</u>	<u>(245,375)</u>	<u>(276,627)</u>
<b>Non-Operating Revenues:</b>			
Interest	152	14,121	14,273
Federal and State Subsidies	17,739		17,739
Federal Donated Commodities	7,007		7,007
Total Non-Operating Revenues	<u>24,898</u>	<u>14,121</u>	<u>39,019</u>
Loss Before Operating Transfers	(6,354)	(231,254)	(237,608)
Operating Transfers-In	<u>30,000</u>		<u>30,000</u>
Net Income (Loss)	23,646	(231,254)	(207,608)
Retained Earnings (Deficit) at Beginning of Year	<u>(67,311)</u>	<u>651,061</u>	<u>583,750</u>
Retained Earnings (Deficit) at End of Year	<u>(\$43,665)</u>	<u>\$419,807</u>	<u>\$376,142</u>

*See Accompanying Notes to the General Purpose Financial Statements.*



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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Enterprise Funds			Internal Service Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Sales	\$417,425	\$407,496	(\$9,929)	\$115,595	\$120,786	\$5,191
Charges for Services				869,405	908,451	39,046
Interest	100	152	52	40,000	14,121	(25,879)
Federal and State Subsidies	16,725	16,037	(688)			
Other Revenues		305	305	30,300	34,279	3,979
Total Revenues	434,250	423,990	(10,260)	1,055,300	1,077,637	22,337
<b>Expenses:</b>						
Salaries and Wages	119,300	119,164	136	6,750	6,749	1
Fringe Benefits	34,900	32,225	2,675	1,456,615	1,073,892	382,723
Purchased Services	600	521	79	206,000	199,747	6,253
Supplies and Materials	395,703	282,581	113,122	135,249	105,124	30,125
Other	250	136	114	45	31	14
Total Expenses	550,753	434,627	116,126	1,804,659	1,385,543	419,116
Excess of Revenues Under Expenses	(116,503)	(10,637)	105,866	(749,359)	(307,906)	441,453
Advances - In		8,000	8,000			
Advances - Out		(20,000)	(20,000)			
Operating Transfers - In	30,000	30,000				
Excess of Revenues Over (Under) Expenses, Advances and Transfers	(86,503)	7,363	93,866	(749,359)	(307,906)	441,453
Fund Equity at Beginning of Year	85,468	85,468		743,487	743,487	
Prior Year Encumbrances Appropriated	21,036	21,036		5,872	5,872	
Fund Equity at End of Year	\$20,001	\$113,867	\$93,866	\$0	\$441,453	\$441,453

See Accompanying Notes to the General Purpose Financial Statements.

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

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<b>Proprietary Fund Types</b>		<b>(Total Memorandum Only)</b>
	<b>Enterprise</b>	<b>Internal Service</b>	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$407,496		\$407,496
Cash Received from Other Operating Receipts	305	\$34,279	34,584
Cash Received from Quasi-External Transactions with Other Funds		1,029,237	1,029,237
Cash Payments for Employee Services and Benefits	(151,389)	(8,605)	(159,994)
Cash Payments to Suppliers for Goods and Services	(279,745)	(303,197)	(582,942)
Cash Payments for Employee Medical Insurance Claims		(1,072,036)	(1,072,036)
Other Operating Expenses	(136)	(31)	(167)
Net Cash Used For Operating Activities	<u>(23,469)</u>	<u>(320,353)</u>	<u>(343,822)</u>
Cash Flows from Noncapital Financing Activities:			
Advances - In	8,000		8,000
Advances - Out	(20,000)		(20,000)
Operating Transfers - In	30,000		30,000
Federal and State Subsidies Received	16,037		16,037
Net Cash Provided By Noncapital Financing Activities	<u>34,037</u>		<u>34,037</u>
Cash Flows from Investing Activities:			
Interest	152	14,121	14,273
Net Increase (Decrease) in Cash and Cash Equivalents	10,720	(306,232)	(295,512)
Cash and Cash Equivalents Beginning of Year	106,504	749,359	855,863
Cash and Cash Equivalents End of Year	<u>\$117,224</u>	<u>\$443,127</u>	<u>\$560,351</u>
Reconciliation of Operating Loss to Net Cash Used For Operating Activities:			
Operating Loss	(\$31,252)	(\$245,375)	(\$276,627)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:</b>			
Depreciation	352		352
Donated Commodities Used	6,856		6,856
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	1,570	(531)	1,039
Decrease in Intergovernmental Receivable	1,237		1,237
(Increase) Decrease in Due From Other Funds	(566)	7,294	6,728
Decrease in Prepaid Items		2,586	2,586
Increase in Inventory of Supplies and Materials	(15)		(15)
(Increase) Decrease in Inventory Held for Resale	5,488	(4,245)	1,243
Increase (Decrease) in Accounts Payable	(5,598)	244	(5,354)
Decrease in Accrued Wages and Benefits Payable	(88)		(88)
Decrease in Compensated Absences Payable	(1,062)	(49)	(1,111)
Increase in Due to Other Funds	88		88
Increase (Decrease) in Intergovernmental Payable	(479)	4	(475)
Decrease in Claims Payable		(80,281)	(80,281)
Net Cash Used For Operating Activities	<u>(\$23,469)</u>	<u>(\$320,353)</u>	<u>(\$343,822)</u>

**Non-Cash Transactions:**

During fiscal year 2002, the Food Service Enterprise Fund received \$7,007 in donated commodities.

See Accompanying Notes to the General Purpose Financial Statements.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District operates under an elected eleven member Board of Education responsible for providing vocational job training to residents of the participating districts. The School District employs 301 certified teaching personnel, including 16 administrators, and 125 classified staff members who annually serve approximately 2,498 secondary students and 9,250 adult students.

**A. Reporting Entity:**

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

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

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

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

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

**1. Governmental Fund Types:**

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

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

**Special Revenue Funds** - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

**Capital Projects Funds** - The capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**2. Proprietary Fund Types:**

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

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

**Internal Service Funds** - The internal service funds account for the financing of services provided by one department or agency to another department or agency of the School District on a cost-reimbursement basis.

**3. Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. The expendable trust funds are accounted for in essentially the same manner as governmental funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**4. Account Groups:**

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

**General Fixed Assets Account Group** - This account group is established to account for all fixed assets of the School District, other than those accounted for in proprietary or trust funds.

**General Long-Term Debt Account Group** - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

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

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

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, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations, by fund, cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of control is at the fund/function/special cost center level of expenditures for the General Fund and at the fund level of expenditures for all other funds. Any budgetary modifications at the legal levels of control may only be made by resolution of the Board of Education. The Treasurer has been given further authority to allocate the Board's appropriations to the special cost center level within all funds.

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

**1. Tax Budget:**

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

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

**2. Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriation resolution was passed by the Board of Education.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**3. Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at any legal level of control. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, several supplemental appropriations were enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts adopted during the current fiscal year, including all amendments and modifications. Formal budgetary integration is employed by the Board of Education as a management control device during the fiscal year for all funds, other than agency funds, consistent with statutory provisions.

**4. Encumbrances:**

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

**5. Lapsing of Appropriations:**

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

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

The School District invests in a repurchase agreement, which is reported at cost, and STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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 2002 amounted to \$148,414 which includes \$23,271 assigned from other School District funds.

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

**E. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditures are reported in the fiscal year in which services are consumed.

**G. Inventory**

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

**H. Restricted Assets**

Restricted assets represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets in the General Fund represent amounts required by statute to be set-aside by the School District for the purchase of textbooks and instructional materials. See Note 19 for additional information regarding set-asides.

**I. Fixed Assets and Depreciation**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of furniture and fixtures in the enterprise fund is computed using the straight-line method over an estimated useful life of ten to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**J. Assets Held For Resale**

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

**K. Compensated Absences**

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

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

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

**L. Accrued Liabilities and Long-Term Obligations**

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**M. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to the enterprise fund that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation of those assets acquired or constructed with contributed capital is expensed and closed to unreserved retained earnings at fiscal year-end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1992, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

Capital contributions from other governments and private sources received after fiscal year 2000 are recorded as revenue and reported as retained earnings. Capital contributions from other funds are still reported as additions to contributed capital. There was no change in contributed capital during fiscal year 2002.

**N. Fund Balance Reserves and Designations**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. The School District also designates a portion of fund balance to indicate tentative plans for future financial resource uses that reflect managerial plans or intent. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory, property taxes, unclaimed monies, assets held for resale, and textbooks and instructional materials. Fund designations have also been established for textbooks and instructional materials and capital improvements for amounts set aside that exceed the statutory required amount.

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

**O. Interfund Transactions**

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**P. 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.

**Q. Total Columns on General Purpose Financial Statements**

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

**3. COMPLIANCE AND ACCOUNTABILITY**

**A. Compliance**

The General Fund had an excess of appropriations over estimated resources and available resources at June 30, 2002, of \$587,472.

**B. The following funds had deficit fund balances/retained earnings at June 30, 2002:**

	<b>Deficit Fund Balance</b>
Special Revenue Funds:	
Adult Basic Education	\$7,377
Vocational Education	83,438
School to Work Grant	17,130
Enterprise Fund:	
Food Service	182,805

The fund deficits in the Adult Basic Education, Vocational Education and School to Work Grant Special Revenue Funds will be eliminated when the advances, shown as an interfund payable, are paid off. The General Fund regularly provides transfers to cover special revenue fund deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit in the Food Service Enterprise Fund is the result of operating revenues not supporting operating expenses. In the past, the School District has transferred money from the General Fund to help cover the cost of operations. The School District continues to monitor the situation and to make transfers if necessary.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Expendable Trust</b>
GAAP Basis	\$648,149	\$377,388	\$4,815	(\$13,905)
Adjustments:				
Revenue Accruals	(32,628)	(7,144)	0	0
Expenditure Accruals	(40,266)	(13,769)	26,315	0
Prepaid Items	(10,620)	0	0	0
Outstanding Encumbrances	(357,763)	(58,549)	(31)	0
Advances	293,976	(281,976)	0	0
Budget Basis	<u>\$500,848</u>	<u>\$15,950</u>	<u>\$31,099</u>	<u>(\$13,905)</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**Net Income (Loss)/Excess of Revenues  
Over (Under) Expenses, Advances and Transfers  
All Proprietary Fund Types**

	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
GAAP Basis	\$23,646	(\$231,254)
Adjustments:		
Revenue Accruals	844	6,952
Expense Accruals	3,502	(83,589)
Inventory of Supplies and Materials	15	0
Inventory Held for Resale	(5,488)	4,245
Federal Donated Commodities	(151)	0
Prepaid Items	0	(2,586)
Depreciation Expense	352	0
Advances	(12,000)	0
Outstanding Encumbrances	(3,357)	(1,674)
Budget Basis	\$7,363	(\$307,906)

**5. DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Education 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 accounts, including passbook accounts.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United State Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**Deposits:** At fiscal year-end, the carrying amount of the School District's deposits was \$6,830,709 and the bank balance was \$7,135,123. Of the bank balance, \$334,401 was covered by federal depository insurance and \$6,800,722 was uninsured and uncollaterized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments:** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

The School District's investments are limited to STAR Ohio and a repurchase agreement. STAR Ohio, an investment fund operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. STAR Ohio had a carrying and fair value of \$837,180. The repurchase agreement is a Category 3 investment, with a fair value of \$48,418.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting of Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/Deposits</b>	<b>Investments</b>
GASB Statement No. 9	\$7,716,307	\$0
Investments:		
STAR Ohio	(837,180)	837,180
Repurchase Agreement	(48,418)	48,418
GASB Statement No. 3	\$6,830,709	\$885,598

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**6. PROPERTY TAXES (Continued)**

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2002 real property taxes are collected in and intended to finance fiscal year 2003.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

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

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

The assessed values upon which fiscal year 2002 taxes were collected are:

	<b>2001 Second- Half Collections</b>		<b>2002 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$1,540,386,310	72.29%	\$1,654,227,720	74.48%
Personal Property - Public Utility	100,347,030	4.71%	76,103,590	3.43%
Tangible Personal Property	490,074,502	23.00%	490,707,757	22.09%
<b>Total Assessed Value</b>	<b>\$2,130,807,842</b>	<b>100.00%</b>	<b>\$2,221,039,067</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$16.24		\$16.24	

The School District receives property taxes from Miami, Darke, Shelby, Auglaize and Logan Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 was levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2002, was \$299,069 in the General Fund.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**7. RECEIVABLES**

Receivables at June 30, 2002, consisted of property taxes, accounts receivable (student fees, tuition, charges for services and rentals), due from other funds, interfund receivables and intergovernmental receivables (grants and charges for services). All receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables follows:

	<b>Amounts</b>
General Fund:	
Tech Prep Reimbursement	\$67,825
Tuition and Fees	2,013
Customer Services	23,915
Other Revenues	280
Total General Fund	94,033
Special Revenue Funds:	
Adult Education	37,243
Adult Basic Education	16,190
Title VI	4,099
Learn and Serve	39,287
Title II	312
Vocational Education	45,220
Total Special Revenue Funds	142,351
Enterprise Funds:	
Food Service	3,730
Uniform School Supplies	4,107
Total Enterprise Funds	7,837
Agency Fund:	
Pell Grant	20,532
Total Intergovernmental Receivables	\$264,753

**8. FIXED ASSETS**

A summary of the enterprise fund's fixed assets at June 30, 2002, follows:

Furniture and Fixtures	\$159,902
Less Accumulated Depreciation	(159,769)
Net Fixed Assets	\$133

A summary of the changes in general fixed assets during fiscal year 2002 follows:

<b>Asset Category</b>	<b>Balance at 6/30/01</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 6/30/02</b>
Land/Improvements	\$623,241	\$237,600	\$0	\$860,841
Buildings	5,701,506	184,612	0	5,886,118
Furniture/Equipment	7,061,658	745,900	642,111	7,165,447
Vehicles	312,949	7,840	0	320,789
Totals	\$13,699,354	\$1,175,952	\$642,111	\$14,233,195

There was no significant construction-in-progress at June 30, 2002.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**9. RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Harcum-Hyre Insurance Agency, Inc. for property and fleet insurance, and with Indiana Insurance Company for liability insurance and inland marine coverage. Insurance coverage provided includes the following:

Building and Contents - replacement cost (\$5,000 deductible) (10% deductible-earthquake)	\$25,559,699
Inland Marine Coverage (\$250 deductible)	93,958
Commercial Computer Coverage (\$1,000 deductible)	1,500,000
Blanket Miscellaneous Equipment Insurance (\$250 deductible)	342,175
Automobile Liability (\$1,000 Comprehension/Collision deductibles)	1,000,000
General Liability Per occurrence	1,000,000
Total per year	3,000,000

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

**B. Employee Benefits**

The School District has elected to provide employee medical/surgical benefits through a self-insurance internal service fund. The employees share the cost of the monthly premium with the board. The premium varies with each employee depending on the type of coverage they select. Premiums are paid into a self-insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. CoreSource is the School District's third party administrator who informs the School District of claim payments needed. The claims liability of \$84,113 reported in the Employee Benefit Self-Insurance Internal Service Fund at June 30, 2002, is based on an estimate provided by CoreSource and the requirements of GASB Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	<b>Balance at Beginning of Fiscal Year</b>	<b>Current Year Claims</b>	<b>Claim Payments</b>	<b>Balance at End of Fiscal Year</b>
2001	\$94,332	\$727,686	\$657,624	\$164,394
2002	164,394	991,755	1,072,036	84,113

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**9. RISK MANAGEMENT**

**C. Workers' Compensation**

For fiscal year 2002, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan, (GRP) an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control, and actuarial services to the GRP.

**10. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employees are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$80,555, \$54,349 and \$66,156, respectively; 99.27 percent has been contributed for fiscal year 2002 and 100 percent for fiscal year 2001 and 2000. \$585 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the General Long-Term Debt Account Group.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$830,347, \$794,759, and \$453,619, respectively; 89.77 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$84,921 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining seven Board members contribute to SERS.

**11. POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$393,322 fiscal year 2002.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$145,466.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level of the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for fiscal year ended June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**12. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**12. OTHER EMPLOYEE BENEFITS (Continued)**

**B. Health Care Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through United of Omaha. Medical/surgical benefits are provided to most employees through the School District's self-insurance program.

**13. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	<b>Amount Outstanding 6/30/01</b>	<b>Additions</b>	<b>Deductions</b>	<b>Amount Outstanding 6/30/02</b>
Energy Conservation Loan				
Roof Replacement				
1994 5.35%	\$120,000	\$0	\$40,000	\$80,000
Applied Technology Loan 1991				
0.00%	174,075	0	31,650	142,425
Total Unvoted Long-Term Loans	294,075	0	71,650	222,425
Intergovernmental Payable	18,801	16,450	18,801	16,450
Compensated Absences Payable	754,982	0	7,273	747,709
Total General Long-Term Obligations	<u>\$1,067,858</u>	<u>\$16,450</u>	<u>\$97,724</u>	<u>\$986,584</u>

The Energy Conservation Loan - Roof Replacement was authorized under House Bill 264 on July 21, 1994, and consists of ten \$40,000 notes (\$400,000) at an annual rate of 5.35% with one note maturing annually through December 15, 2003. The loan will be paid from the General Fund.

The Applied Technology Loan is an interest free loan acquired from the State Board of Education July 31, 1991, as authorized under House Bill 808. The original loan amount was \$474,750 for the building and \$75,250 for equipment for a total of \$550,000. The final payment on the loan is scheduled September 30, 2006. The loan will be paid from the Bond Retirement Debt Service Fund with transfers from the General Fund.

Intergovernmental payable and compensated absences will be paid from the funds from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period.

The School District's overall legal debt margin was \$199,893,516, the energy conservation debt margin was \$19,909,352 and the unvoted debt margin was \$2,221,039 at June 30, 2002.

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2002, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2003	\$71,650	\$4,280	\$75,930
2004	71,650	2,140	73,790
2005	31,650	0	31,650
2006	31,650	0	31,650
2007	15,825	0	15,825
Total	<u>\$222,425</u>	<u>\$6,420</u>	<u>\$228,845</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**14. INTERFUND ACTIVITY**

As of June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

<b>Fund Type/Fund</b>	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$0	\$1,198	\$293,497	\$0
Special Revenue Funds:				
Adult Education	19,099	558	0	100,000
Career Education	0	0	0	6,141
Adult Basic Education	0	0	0	34,966
Small Business Development Center	0	19,099	0	20,000
Vocational Education	0	0	0	118,360
Miscellaneous State Grants	0	0	0	5,000
Miscellaneous Federal Grants	0	0	0	1,030
Total Special Revenue Funds	\$19,099	\$19,657	\$0	\$285,497
Enterprise Fund:				
Food Service	1,366	0	0	8,000
Internal Service Fund:				
Warehouse	390	0	0	0
Total All Funds	\$20,855	\$20,855	\$293,497	\$293,497

**15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of Food Service and Uniform School Supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Upper Valley Joint Vocational School District as of and for the fiscal year ended June 30, 2002.

	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Total Enterprise Funds</b>
Operating Revenues	\$197,645	\$207,610	\$405,255
Depreciation Expense	352	0	352
Operating Income (Loss)	(38,596)	7,344	(31,252)
Interest	152	0	152
Federal and State Subsidies	17,739	0	17,739
Federal Donated Commodities	7,007	0	7,007
Operating Transfers - In	30,000	0	30,000
Net Income	16,302	7,344	23,646
Net Working Capital (Deficit)	(8,007)	141,102	133,095
Total Assets	7,106	141,416	148,522
Long-Term Compensated Absences Payable	5,265	1,962	7,227
Total Equity (Deficit)	(13,139)	139,140	126,001
Encumbrances Outstanding At June 30, 2002	117	3,240	3,357



**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**16. CONTINGENCIES**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

**17. JOINTLY GOVERNED ORGANIZATIONS**

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

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. 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. Payments to SOEPC are made from the General Fund. During fiscal year 2002, the School District paid \$10,382 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

**Southwestern Ohio Instructional Technology Association** - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members. One at-large higher educational 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 2002, the School District paid \$11,155 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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

The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid WOCO \$25,664 for services provided during the fiscal year. Financial information can be obtained from Louis Ivey, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

**18. INSURANCE PURCHASING POOL**

**Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan** - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the 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.

**19. SET-ASIDE CALCULATIONS**

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

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

	<b>Textbooks/ Instructional Materials Reserve</b>	<b>Capital Improvements Reserve</b>
Set-aside Reserve Balance as of June 30, 2001	\$130,939	(\$267,127)
Current Year Set-aside Requirement	140,449	140,449
Qualifying Disbursements	(258,996)	(216,984)
Total	\$12,392	(\$343,662)
Set-aside Balance Carried Forward to Future Fiscal Years	\$12,392	(\$126,678)
Set-aside Reserve Balance as of June 30, 2002	\$12,392	\$0

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**19. SET-ASIDE CALCULATIONS (Continued)**

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital improvement set-aside, the negative amount can only be carried forward to the extent of proceeds from a property tax levy.

**20. SIGNIFICANT CONTRACTUAL COMMITMENTS**

As of June 30, 2002, the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/02</u>
Stillwater Microsystems	Computer System	\$8,043	\$0	\$8,043
Craft Interiors	Remodeling	39,146	18,054	21,092
Modern School Supply	Vocational Kits	5,932	0	5,932
Reynolds Machinery	Equipment	20,300	0	20,300
Low Voltage Solutions	Projector	7,341	3,915	3,426
CDW Government	Printer Equipment	11,331	5,372	5,959
CDW Government	Server Equipment	5,473	0	5,473
Buckeye Educational	Printer Equipment	7,870	0	7,870
MSC Industrial Supply	Equipment	7,863	0	7,863
Totals		<u>\$113,299</u>	<u>\$27,341</u>	<u>\$85,958</u>

**21. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed, "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT  
MIAMI COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>(Passed Through Ohio Department of Education)</i>						
Nutrition Cluster:						
Food Distribution Program	Not Available	10.550		\$6,632		\$13,760
National School Lunch Program	LLP1-2001	10.555	\$1,355		\$1,355	
	LLP4-2001		3,096		3,096	
	LLP4-2002		10,755		10,755	
Total National School Lunch Program			<u>15,206</u>		<u>15,206</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			15,206	6,632	15,206	13,760
<b>U.S. DEPARTMENT OF LABOR</b>						
<i>(Passed through Edison Community College)</i>						
School to Work	Not Available	17.249	33,000		33,000	
<b>U.S. DEPARTMENT OF SMALL BUSINESS ADMINISTRATION</b>						
<i>(Passed through Wright State University)</i>						
Small Business Development	WR03Q6	59.037			16,608	
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>(Passed Through Ohio Department of Education)</i>						
Adult Education & Community Education	AB-S1-01	84.002	24,783		10,847	
	AB-S1-2000C		3,771		6,991	
	Not Available		155,321		155,321	
	AB-S1-2002		39,150		23,572	
	MS-S1-2002				34,566	
Total Adult Education & Community Education			<u>223,025</u>		<u>231,297</u>	
Carl D. Perkins Vocational Education - Basic Grants	VECP11-S2000-069	84.048	10,000		8,093	
	VECP11-S2001-069		37,575		38,672	
	VECP11-CP111-S02-069		204,714		224,803	
	VECP11-CP111-A02-069		83,045		108,175	
	Not Available				26,400	
Total Carl D. Perkins Vocational Education - Basic Grants	VECP11-A2001-069		<u>14,068</u>		<u>13,582</u>	
			349,402		419,725	
<i>(Direct Payments from U.S. Department of Education)</i>						
Pell Education Grant	P013448	84.063	603		603	
	P023764		158,871		158,871	
Total Pell Education Grant			<u>159,474</u>		<u>159,474</u>	
<i>(Passed through Ohio Department of Education)</i>						
Drug Free Schools and Communities	DR-S1-00	84.186			15,831	
	DR-S2-00				88	
	DR-S1-00		2,000		1,866	
			2,000		1,796	
Total Drug Free Schools and Communities			<u>4,000</u>		<u>19,581</u>	
Goals 2000	G2-S9-2001	84.276	10,000		9,328	
Eisenhower Professional Development Grant	MS-S1-2001	84.281			1,709	
	MS-S1-2002		2,808		180	
Total Eisenhower Professional Development Grant			<u>2,808</u>		<u>1,889</u>	
Innovative Education Program Strategy	C2-S1-2001	84.298	4,353		5,068	
	C2-S1-2002		1,674			
Total Innovative Education Program Strategy			<u>6,027</u>		<u>5,068</u>	
Total U.S. Department of Education			<u>754,736</u>		<u>846,362</u>	
<b>Total Federal Assistance</b>			<b><u>\$802,942</u></b>	<b><u>\$6,632</u></b>	<b><u>\$911,176</u></b>	<b><u>\$13,760</u></b>

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

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.

**NOTE C - MATCHING REQUIREMENTS**

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

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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130 West Second Street  
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Dayton, Ohio 45402  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the financial statements of Upper Valley Joint Vocational School District, Miami County, (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 26, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-10355-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 26, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 26, 2002.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

December 26, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Upper Valley Joint Vocational School District, Miami County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Upper Valley Joint Vocational School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002. We noted an instance of noncompliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated December 26, 2002.

**Internal Control Over Compliance**

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

**Internal Control Over Compliance  
(Continued)**

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

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

December 26, 2002

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**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 weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions 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?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Adult Education & Community Education CFDA # 84.002
<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>	Yes

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

**FINDING NUMBER 2002-10355-001**

**Noncompliance – Ohio Revised Code**

**Ohio Rev. Code Section 5705.39** states that the total appropriations from each fund should not exceed the total estimated resources as certified by the County Budget Commission. As of June 30, 2002, prior year carryover appropriations plus the 2002 appropriations exceeded total estimated resources for the following fund:

Fund	Prior Year Carryover Appropriations	Current Year Appropriations	Total Estimated Resources	Variance
General Fund	\$607,724	\$19,022,679	\$19,042,931	(\$587,472)

The District should implement policies and procedures to monitor estimated resources and appropriations to prevent appropriations from exceeding the amounts certified as available.

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

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 4, 2003**