



Dave Yost • Auditor of State

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

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MIAMI COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Valley Joint Vocational School District, Miami County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Valley Joint Vocational School District, Miami County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17, during the fiscal year ended June 30, 2011, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

April 5, 2012

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of Upper Valley Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- The School District entered into a School Facilities project with the Ohio Department of Education at the end fiscal year 2010 and work began in fiscal year 2011.
- The School District entered into a School Facilities Bond due to the School Facilities project. Only the beginning stages of the project were started in fiscal year 2010 and continued into fiscal year 2011.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities all of the School District's programs and services are reported as governmental activities including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District also has an Internal Service Fund that is accounted for as governmental activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

Proprietary Funds

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

Fiduciary Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for fiscal year 2011 compared to fiscal year 2010:

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

**Table 1
Net Assets**

	2011	2010	Change
Assets:			
Current Assets	\$35,742,093	\$39,251,037	(\$3,508,944)
Capital Assets, Net	18,130,826	14,039,627	4,091,199
Total Assets	<u>53,872,919</u>	<u>53,290,664</u>	<u>582,255</u>
Liabilities:			
Other Liabilities	10,370,193	7,741,560	2,628,633
Long-Term Liabilities	7,999,578	8,798,147	(798,569)
Total Liabilities	<u>18,369,771</u>	<u>16,539,707</u>	<u>1,830,064</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	13,935,926	13,681,301	254,625
Restricted	20,242,265	20,133,307	108,958
Unrestricted	1,324,957	2,936,349	(1,611,392)
Total Net Assets	<u>\$35,503,148</u>	<u>\$36,750,957</u>	<u>(\$1,247,809)</u>

The large decrease to current assets was attributed to intergovernmental receivables. The School District entered into an Ohio School Facilities construction project with the Ohio Department of Education during fiscal year 2010. A portion of the grant was received in fiscal year 2011, thus reducing the receivable left at fiscal year-end. Capital Assets, Net increased mainly due to the construction in progress related to the construction of the Ohio School Facilities project.

Current liabilities increased mainly due to the contracts payable. The Ohio School Facilities construction project mainly started in fiscal year 2011 and will continue until completion.

Unrestricted net assets decreased mainly due to expenditures outpacing revenues in the General Fund.

Table 2 shows the changes in net assets for fiscal year 2011 compared to fiscal year 2010.

**Table 2
Changes in Net Assets**

	2011	2010	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,795,610	\$ 2,080,310	(\$ 284,700)
Operating Grants, Contributions and Interest	4,653,526	4,630,769	22,757
Total Program Revenues	<u>6,449,136</u>	<u>6,711,079</u>	<u>(261,943)</u>
General Revenues:			
Property Taxes	5,919,257	6,302,020	(382,763)
Grants and Entitlements	8,719,855	25,899,174	(17,179,319)
Investment Earnings	43,471	55,828	(12,357)
Gifts and Donations	45,904	38,703	7,201
Miscellaneous	61,709	25,414	36,295
Total General Revenues	<u>14,790,196</u>	<u>32,321,139</u>	<u>(17,530,943)</u>
Total Revenues	<u>21,239,332</u>	<u>39,032,218</u>	<u>(17,792,886)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

**Table 2
Changes in Net Assets
(Continued)**

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Program Expenses:			
Instruction:			
Regular	2,118,890	2,031,692	87,198
Special	1,068,513	1,073,647	(5,134)
Vocational	9,185,045	8,791,266	393,779
Adult/Continuing	1,657,376	1,530,050	127,326
Student Intervention Services	32,988	93,125	(60,137)
Support Services:			
Pupils	896,915	1,195,294	(298,379)
Instructional Staff	348,862	253,230	95,632
Board of Education	60,261	69,159	(8,898)
Administration	2,594,466	2,584,097	10,369
Fiscal	537,593	590,611	(53,018)
Business	181,189	168,021	13,168
Operation and Maintenance of Plant	1,421,553	1,397,391	24,162
Pupil Transportation	64,324	58,927	5,397
Central	952,167	905,202	46,965
Operation of Non-Instructional Services	1,150,626	1,258,150	(107,524)
Extracurricular Activities	42,858	123,955	(81,097)
Interest and Fiscal Charges	173,515	64,175	109,340
Total Expenses	<u>22,487,141</u>	<u>22,187,992</u>	<u>\$ 299,149</u>
Change in Net Assets	(1,247,809)	16,844,226	
Net Assets at Beginning of Year	<u>36,750,957</u>	<u>19,906,731</u>	
Net Assets at End of Year	<u>\$35,503,148</u>	<u>\$36,750,957</u>	

Governmental Activities

Overall revenues decreased \$17,792,866 from fiscal year 2010 to fiscal year 2011. The largest part of the decrease was due to the grant for the Ohio School Facilities Construction project being spent down in fiscal year 2011.

Overall expenses increased \$299,149, which represents a one percent increase from fiscal year 2010.

The School District's Funds

The major funds of the School District are the General Fund, Adult Education Special Revenue Fund, and Classroom Facilities Capital Projects Fund and are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$27,186,499 and total expenditures of \$27,308,953, and the three major funds account for approximately 91 percent of total revenues and 89 percent of total expenditures. The net change in fund balance for the fiscal year in the General Fund, Adult Education Special Revenue Fund and Classroom Facilities Capital Projects Fund were (\$1,840,824), (\$64,617) and \$1,810,483, respectively.

For the General Fund, fund balance decreased \$1,840,824, which is relatively the same as the decrease in fiscal year 2010, which was \$1,504,313. Economic conditions have reduced State foundation and property tax revenues over the past several years and the School District is exploring all possibilities to try and reduce this trend of declining fund balance.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

The decrease in the Adult Education Special Revenue Fund was the result of a decrease in enrollment which led to a decrease in State funding.

The increase in the Classroom Facilities Capital Project Fund was the result of the continued drawdown of the Ohio School Facilities grant.

General Fund Budgeting Highlights

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

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

Budgeted revenues in the General Fund during the fiscal year had minimal changes in total between the original and final budgets of \$85,670, which is less than one percent. Actual revenues were the same as final budgeted revenues.

Original and final budgeted expenditures had a variance in total of \$2,816,397. This was due to the staff reduction by the School District during the fiscal year 2010 that affected 2011. The biggest change was in vocational education. The School District budgeted final expenditures and actual expenditures had a difference of \$108,731 which is less than a one percent variance.

Capital Assets

Table 3 shows fiscal year 2011 balances compared to fiscal year 2010.

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

	2011	2010
Land	\$ 1,173,459	\$ 1,173,459
Construction in Progress	4,917,577	449,091
Buildings and Improvements	9,271,504	9,444,064
Furniture, Fixtures, and Equipment	2,713,881	2,910,863
Vehicles	54,405	62,150
Totals	<u>\$18,130,826</u>	<u>\$14,039,627</u>

Overall capital assets increased \$4,091,199 from fiscal year 2010 as additions outpaced depreciation expenses. For more information on capital assets, refer to Note 8 of the basic financial statements.

Debt Administration

At June 30, 2011, the School District had \$6,661,792 in debt outstanding in the form of a School Facilities Bonds and a premium. See Note 13 of the notes to the basic financial statements for more detailed information.

Contacting the School District's Financial Management

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

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

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$18,572,237
Accounts Receivable	42,455
Accrued Interest Receivable	11,106
Intergovernmental Receivable	10,450,988
Inventory of Supplies and Materials	32,515
Inventory Held for Resale	54,384
Property Taxes Receivable	6,459,343
Assets Held for Resale	34,851
Deferred Charges	84,214
Non-depreciable Capital Assets	6,091,036
Depreciable Capital Assets, Net	12,039,790
Total Assets	53,872,919
Liabilities:	
Accounts Payable	300,717
Contracts Payable	2,095,809
Retainage Payable	109,052
Accrued Wages and Benefits Payable	1,208,882
Matured Compensated Absences Payable	299,083
Notes Payable	
Accrued Interest Payable	12,515
Intergovernmental Payable	323,439
Notes Payable	
Deferred Revenue	6,020,696
Matured Bond Payable	
Long Term Liabilities:	
Due Within One Year	848,709
Due In More Than One Year	7,150,869
Total Liabilities	18,369,771
Net Assets:	
Invested in Capital Assets, Net of Related Debt	13,935,926
Restricted for:	
Capital Projects	18,781,837
Debt Service	585,275
Other Purposes	175,906
Adult Education	24,247
Classroom Facilities Maintenance	675,000
Unrestricted	1,324,957
Total Net Assets	\$35,503,148

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest
			Total Governmental Activities
Governmental Activities:			
Instruction:			
Regular	\$2,118,890		(\$2,118,890)
Special	1,068,513		(475,205)
Vocational	9,185,045	\$99,412	2,576,026
Adult/Continuing	1,657,376	1,061,261	488,507
Student Intervention Services	32,988		11,882
Support Services:			
Pupils	896,915	35,473	137,183
Instructional Staff	348,862		146,201
Board of Education	60,261		(60,261)
Administration	2,594,466	258,644	92,220
Fiscal	537,593	3,256	(534,337)
Business	181,189		(181,189)
Operation and Maintenance of Plant	1,421,553	39,184	32,930
Pupil Transportation	64,324		5,526
Central	952,167	2,156	5,725
Operation of Non-Instructional Services	1,150,626	296,224	564,018
Extracurricular Activities	42,858		(42,858)
Interest and Fiscal Charges	173,515		(173,515)
Total Governmental Activities	\$22,487,141	\$1,795,610	\$4,653,526
General Revenues:			
Property Taxes Levied for:			
General Purposes			5,101,855
Debt Service			817,402
Grants and Entitlements not Restricted to Specific Programs			8,719,855
Investment Earnings			43,471
Gifts and Donations			45,904
Miscellaneous			61,709
Total General Revenues			14,790,196
Change in Net Assets			(1,247,809)
Net Assets at Beginning of Year			36,750,957
Net Assets at End of Year			\$35,503,148

See accompanying notes to the basic financial statements.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Adult Education</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$3,917,988	\$40,088	\$10,657,689	\$3,930,471	\$18,546,236
Receivables:					
Property Taxes	5,608,343			851,000	6,459,343
Accounts	6,791	35,664			42,455
Intergovernmental	8,958	114,920	10,248,264	78,846	10,450,988
Accrued Interest	363		7,116	3,627	11,106
Interfund	124,027				124,027
Assets Held for Resale	34,851				34,851
Inventory of Supplies and Materials	32,515				32,515
Total Assets	<u>9,733,836</u>	<u>190,672</u>	<u>20,913,069</u>	<u>4,863,944</u>	<u>35,701,521</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	208,191	7,827	63,364	21,335	300,717
Contracts Payable			1,972,156	123,653	2,095,809
Retainage Payable			102,618	6,434	109,052
Accrued Wages and Benefits Payable	1,139,604	32,551		36,727	1,208,882
Intergovernmental Payable	286,344	20,305		16,637	323,286
Interfund Payable	39,466	35,000		46,527	120,993
Deferred Revenue	5,427,677	17,925	10,255,380	905,224	16,606,206
Matured Compensated Absences Payable	280,015	19,068			299,083
Total Liabilities	<u>7,381,297</u>	<u>132,676</u>	<u>12,393,518</u>	<u>1,156,537</u>	<u>21,064,028</u>
Fund Balances:					
Non-spendable	67,366				67,366
Restricted		57,996	8,519,551	2,643,587	11,221,134
Committed	133,033				133,033
Assigned	2,152,140			1,120,551	3,272,691
Unassigned (Deficit)				(56,731)	(56,731)
Total Fund Balances	<u>2,352,539</u>	<u>57,996</u>	<u>8,519,551</u>	<u>3,707,407</u>	<u>14,637,493</u>
Total Liabilities and Fund Balances	<u>\$9,733,836</u>	<u>\$190,672</u>	<u>\$20,913,069</u>	<u>\$4,863,944</u>	<u>\$35,701,521</u>

See accompanying notes to the basic financial statements.

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

Total Governmental Fund Balance	\$14,637,493
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

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

Land	\$1,173,459	
Construction in Progress	4,917,577	
Buildings and Improvements	12,435,946	
Furniture, Fixtures, and Equipment	7,531,776	
Vehicles	291,500	
Accumulated Depreciation	<u>(8,219,432)</u>	
Total Capital Assets		18,130,826

The Internal Service Fund is used by management to charge the costs of insurance and supplies to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	77,198
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Other long-term assets are not available to pay for current
period expenditures and therefore are deferred in the funds:

Property Taxes Receivable	228,009	
Intergovernmental Receivable	10,327,110	
Accounts Receivable	19,285	
Accrued Interest Receivable	<u>11,106</u>	
		10,585,510

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	84,214
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Some liabilities are not due and payable in the current period
and therefore are not reported in the funds. Those
liabilities consist of:

Premium on Debt Issued		(86,792)
General Obligation Bonds		(6,575,000)
Accrued Interest on Notes		(12,515)
Compensated Absences Payable		<u>(1,337,786)</u>

Net assets of Governmental Activities	<u><u>\$35,503,148</u></u>
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See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General	Adult Education	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$5,106,340			\$817,431	\$5,923,771
Tuition and Fees	158,164	\$1,385,113			1,543,277
Investment Earnings	41,988		\$58,750	34,077	134,815
Intergovernmental	11,467,335	470,165	5,753,997	1,460,189	19,151,686
Charges for Services	120,096			192,757	312,853
Gifts and Donations	25,024	80		30,950	56,054
Rent	2,334				2,334
Miscellaneous	50,482	7,977		3,250	61,709
Total Revenues	<u>16,971,763</u>	<u>1,863,335</u>	<u>5,812,747</u>	<u>2,538,654</u>	<u>27,186,499</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,073,939				2,073,939
Special	1,053,596				1,053,596
Vocational	8,740,850			295,047	9,035,897
Adult/Continuing		1,461,306		174,247	1,635,553
Student Intervention Services	20,777			12,211	32,988
Support Services:					
Pupils	708,337	54,972		131,477	894,786
Instructional Staff	177,795			167,370	345,165
Board of Education	60,261				60,261
Administration	2,251,458	354,751		6,399	2,612,608
Fiscal	516,164			17,081	533,245
Business	178,217				178,217
Operation and Maintenance of Plant	1,218,149	53,954	59,164	25,752	1,357,019
Pupil Transportation	50,753			5,679	56,432
Central	881,402	2,969		64,817	949,188
Operation of Non-Instructional Services	376,941			760,865	1,137,806
Extracurricular Activities	42,858				42,858
Capital Outlay	22,590		3,943,100	458,489	4,424,179
Debt Service:					
Principal Retirement				710,000	710,000
Interest and Fiscal Charges				175,216	175,216
Total Expenditures	<u>18,374,087</u>	<u>1,927,952</u>	<u>4,002,264</u>	<u>3,004,650</u>	<u>27,308,953</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,402,324)</u>	<u>(64,617)</u>	<u>1,810,483</u>	<u>(465,996)</u>	<u>(122,454)</u>
Other Financing Sources (Uses):					
Transfers - In				438,500	438,500
Transfers - Out	(438,500)				(438,500)
Total Other Financing Sources (Uses)	<u>(438,500)</u>			<u>438,500</u>	
Net Change in Fund Balances	(1,840,824)	(64,617)	1,810,483	(27,496)	(122,454)
Fund Balances at Beginning of Year - Restated (See Note 17)	4,193,363	122,613	6,709,068	3,734,903	14,759,947
Fund Balances at End of Year	<u>\$2,352,539</u>	<u>\$57,996</u>	<u>\$8,519,551</u>	<u>\$3,707,407</u>	<u>\$14,637,493</u>

See accompanying notes to the basic financial statements.

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Total Governmental Funds (\$122,454)

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

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

Capital Outlay	\$4,585,688	
Depreciation Expense	(486,216)	
Excess of Capital Outlay Over Depreciation Expense	4,099,472	4,099,472

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

Loss on Disposal of Capital Assets		(8,273)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

General Obligation Bonds		710,000
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The Internal Service Fund used by management to charge the costs of insurance and supplies to individual funds is reported in the Statement of Activities.

(58,577)

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

Property Taxes	(4,514)	
Tuition and Fees	(62,854)	
Investment Earnings	(91,275)	
Intergovernmental	(5,788,524)	
Total	(5,947,167)	(5,947,167)

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

Amortization of Bond Premium	11,080	
Decrease in Accrued Interest	1,372	
Net Amortization of Bond Issuance Costs (Deferred Charges)	(10,751)	1,701

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

These activities consist of:

Decrease in Compensated Absences		77,489
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Change in Net Assets of Governmental Activities		(\$1,247,809)
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See accompanying notes to the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$5,292,715	\$5,402,241	\$5,402,241	
Tuition and Fees	338,600	218,427	218,427	
Investment Earnings	52,500	12,519	12,519	
Intergovernmental	11,413,468	11,467,335	11,467,335	
Charges for Services	83,050	120,096	120,096	
Gifts and Donations	1,200	25,024	25,024	
Rent	1,000	2,334	2,334	
Miscellaneous	15,830	36,057	36,057	
Total Revenues	<u>17,198,363</u>	<u>17,284,033</u>	<u>17,284,033</u>	
Expenditures:				
Current:				
Instruction:				
Regular	2,075,276	2,062,476	2,074,662	(\$12,186)
Special	1,053,437	1,043,176	1,053,092	(9,916)
Vocational	10,657,716	9,147,532	9,207,026	(59,494)
Student Intervention Services	61,400	24,087	24,087	
Support Services:				
Pupils	903,432	740,356	744,349	(3,993)
Instructional Staff	201,894	185,895	187,488	(1,593)
Board of Education	81,725	60,297	60,298	(1)
Administration	2,431,942	2,249,197	2,257,477	(8,280)
Fiscal	587,089	532,119	536,972	(4,853)
Business	183,386	182,493	182,645	(152)
Operation and Maintenance of Plant	1,739,536	1,393,804	1,397,657	(3,853)
Pupil Transportation	123,116	54,330	54,330	
Central	978,150	932,057	936,464	(4,407)
Operation of Non-Instructional Services	566,845	426,333	426,335	(2)
Extracurricular Activities	70,588	52,175	52,175	0
Capital Outlay	222,780	35,588	35,589	(1)
Total Expenditures	<u>21,938,312</u>	<u>19,121,915</u>	<u>19,230,646</u>	<u>(108,731)</u>
Excess of Revenues Under Expenditures	<u>(4,739,949)</u>	<u>(1,837,882)</u>	<u>(1,946,613)</u>	<u>(108,731)</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditure	15,000	14,116	14,116	
Refund of Prior Year Receipts	(800)	(1,499)	(1,499)	
Proceeds from Sale of Capital Assets	120,000	126,963	126,963	
Advances - In		54,485	54,485	
Advances - Out	(25,000)	(88,000)	(88,000)	
Transfers - Out	(100,000)	(438,500)	(438,500)	
Total Other Financing Sources (Uses)	<u>9,200</u>	<u>(332,435)</u>	<u>(332,435)</u>	
Net Change in Fund Balance	(4,730,749)	(2,170,317)	(2,279,048)	(108,731)
Fund Balance at Beginning of Year	3,897,440	3,897,440	3,897,440	
Prior Year Encumbrances Appropriated	1,140,165	1,140,165	1,140,165	
Fund Balance (Deficit) at End of Year	<u>\$306,856</u>	<u>\$2,867,288</u>	<u>\$2,758,557</u>	<u>(\$108,731)</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Tuition and Fees	\$1,354,450	\$1,254,549	\$1,254,549	
Intergovernmental	438,000	470,165	470,165	
Gifts and Donations		80	80	
Miscellaneous	5,000	7,977	7,977	
Total Revenues	<u>1,797,450</u>	<u>1,732,771</u>	<u>1,732,771</u>	
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	1,054,207	1,456,628	1,462,959	(\$6,331)
Support Services:				
Pupils	69,240	55,528	56,162	(634)
Administration	340,003	365,033	370,214	(5,181)
Operation and Maintenance of Plant	49,037	64,731	64,731	
Central	33,200	4,717	4,717	
Total Expenditures	<u>1,545,687</u>	<u>1,946,637</u>	<u>1,958,783</u>	<u>(12,146)</u>
Excess of Revenues Under Expenditures	<u>251,763</u>	<u>(213,866)</u>	<u>(226,012)</u>	<u>(12,146)</u>
Other Financing Sources:				
Advances - In		35,000	35,000	
Net Change in Fund Balance	251,763	(178,866)	(191,012)	(12,146)
Fund Balance at Beginning of Year	121,193	121,193	121,193	
Prior Year Encumbrances Appropriated	58,236	58,236	58,236	
Fund Balance at End of Year	<u>\$431,192</u>	<u>\$563</u>	<u>(\$11,583)</u>	<u>(\$12,146)</u>

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUND
JUNE 30, 2011

Assets:	Warehouse
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$26,001
Inventory Held for Resale	54,384
Interfund Receivable	39,466
Total Assets	<u>119,851</u>
Liabilities:	
Current Liabilities:	
Interfund Payable	42,500
Intergovernmental Payable	153
Compensated Absences Payable	862
Total Current Liabilities	<u>43,515</u>
Long-Term Liabilities:	
Compensated Absences Payable	3,372
Total Liabilities	<u>46,887</u>
Net Assets:	
Unrestricted	<u><u>\$72,964</u></u>

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Warehouse</u>
Operating Revenues:	
Charges for Services	<u>\$104,434</u>
Operating Expenses:	
Salaries and Wages	29,355
Fringe Benefits	6,047
Cost of Sales	127,584
Other	<u>7</u>
Total Operating Expenses	<u>162,993</u>
Change in Net Assets	(58,559)
Net Assets at Beginning of Year	<u>131,523</u>
Net Assets at End of Year	<u><u>\$72,964</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Warehouse
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$107,606
Cash Payments for Employee Services and Benefits	(35,500)
Cash Payments to Suppliers for Goods and Services	(114,167)
Net Cash Used for Operating Activities	(42,061)
 Cash Flows from Non-capital Financing Activities:	
Advances - In	7,500
Net Decrease in Cash and Cash Equivalents	(34,561)
Cash and Cash Equivalents at Beginning of Year	60,562
Cash and Cash Equivalents at End of Year	\$26,001
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(\$58,559)
 Adjustments to Reconcile Operating Loss to Net Used for Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Inventory Held for Resale	13,424
Decrease in Interfund Receivable	3,172
Decrease in Intergovernmental Payable	(80)
Decrease in Compensated Absences Payable	(18)
Net Cash Used for Operating Activities	(\$42,061)

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	<u>\$14,307</u>	<u>\$90,309</u>
Liabilities:		
Undistributed Monies		<u>\$90,309</u>
Net Assets:		
Held in Trust for Pool of Participants	<u>\$14,307</u>	

See accompanying notes to the basic financial statements.

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$1
Gifts and Donations	15,000
Total Additions	<u>15,001</u>
Deletions:	
Payments in Accordance with Trust Agreements	<u>12,881</u>
Change in Net Assets	2,120
Net Assets at Beginning of Year	<u>12,187</u>
Net Assets at End of Year	<u><u>\$14,307</u></u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Upper Valley Joint Vocational School District (the "School District") as defined by Section 3311.18 of the Ohio Revised Code, is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes high school and adult students to academic preparation and job training which lead to employment and/or further education upon graduation from high school. The School District includes 14 member school districts throughout all or portions of Auglaize, Darke, Logan, Miami, and Shelby Counties. The first official body designated as the Upper Valley Joint Vocational School District Board of Education was formed in 1972.

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

Reporting Entity:

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

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

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

The School District participates in three jointly governed organizations, one insurance purchasing pool, and one public entity shared risk pool. These organizations are discussed in Note 15 to the basic financial statements. These organizations are presented in Note 15 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

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

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers'
Compensation Group Rating Plan

Public Entity Shared Risk Pool:

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

1. Government-wide Financial Statements:

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements:

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

B. Fund Accounting

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

1. Governmental Funds:

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund:

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

3. Fiduciary Funds:

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

C. Measurement Focus

1. Government-wide Financial Statements:

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

2. Fund Financial Statements:

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions:

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

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

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

2. Deferred Revenue:

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2011, the School District invested in federal agency securities, US Treasury Notes, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$41,988, which includes \$29,122 assigned from other School District funds.

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

F. Interfund Balances

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

G. Assets Held for Resale

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

J. Capital Assets

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

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

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

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

K. Bond Premiums/Issuance Costs

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Accrued Liabilities and Long-term Obligations

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

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

M. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments.

The liability is an estimate based on the School District's past experience of making termination payments.

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

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

N. Fund Balance

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

O. Net Assets

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

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

P. Operating Revenues and Expenses

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

Q. Internal Activity

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

R. Budgetary Process

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

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

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

S. Estimates

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

3. ACCOUNTABILITY

The Public School Preschool, ABLE, Carl Perkins, and Drug Free Grant Special Revenue Funds had deficit fund balances at June 30, 2011, of \$1,684, \$32,601, \$21,816, and \$630, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted committed, or assigned fund balance (GAAP basis).
4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).
5. The change in the fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.
6. Unrecorded cash represents amounts received and spent but not included on the budget basis operating statement.

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

Net Change in Fund Balances		
	General	Adult Education
GAAP Basis	(\$1,840,824)	(\$ 64,617)
Net Adjustment for Revenue Accruals	493,017	(127,883)
Net Adjustment for Expenditure Accruals	291,057	18,159
Change in Fair Value of Investments - FY 2010	(29,352)	
Change in Fair Value of Investments - FY 2011	19	
Unrecorded Cash - FY 11	(10,335)	(2,681)
Advances	(33,515)	35,000
Adjustment for Encumbrances	(1,149,115)	(48,990)
Budget Basis	(\$2,279,048)	(\$191,012)

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

A. Investments

As of June 30, 2011, the School District had the following investments. All investments are in an internal investment pool.

	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>	<u>Maturity Due in 1-2 Years</u>	<u>S&P Rating</u>	<u>Percent of Total Investments</u>
Federal Home Loan Bank Notes	\$4,388,060	\$2,934,152	\$1,453,908	AAA	35.50%
Federal Home Loan Bank Discount Notes	1,228,938	1,228,938		AAA	9.94%
Federal Home Loan Mortgage Notes	3,175,983		3,175,983	AAA	25.70%
Federal Home Loan Mortgage Discount Notes	648,916	648,916		AAA	5.25%
Federal National Mortgage Association Notes	625,189		625,189	AAA	5.06%
US Treasury Bills	1,773,550	1,773,550		AAA	14.35%
US Treasury Notes	200,609	200,609		AAA	1.62%
First American Treasury Obligations Fund	13,340	13,340		AAAm	0.11%
STAROhio	304,656	304,656		AAAm	2.47%
	<u>\$12,359,241</u>	<u>\$7,104,161</u>	<u>\$5,255,080</u>		

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

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

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

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real or public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

6. PROPERTY TAXES (Continued)

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Miami, Darke, Shelby, Auglaize, and Logan Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011 was \$182,389 in the General Fund and \$28,249 in the Other Governmental Funds. The amount available as an advance at June 30, 2010 was \$478,290 in the General Fund and \$82,695 in the Other Governmental Funds

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second – Half Collections		2011 First - Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$2,176,025,200	97.30%	\$2,168,217,110	97.27%
Public Utility Personal	60,365,200	2.70	60,759,070	2.73%
Total	<u>\$2,236,390,400</u>	<u>100.00%</u>	<u>\$2,228,976,180</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$5.36		\$5.36	

7. RECEIVABLES

Receivables at June 30, 2011, consisted of property taxes, accounts (tuition, charges for services, and student fees), intergovernmental (grants and tuition and fees), accrued interest and interfund. All receivables are considered collectible in full and all will be received within one year with the exception of the property taxes and the Ohio School Facilities Commission Grant. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year, with the exception of the property taxes and the Ohio School Facilities Commission Grant. Ohio School Facilities Commission Grant monies will be collected over the life of the construction of the new facility.

A summary of the principal items of intergovernmental receivables follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

7. RECEIVABLES (Continued)

<u>Governmental Activities:</u>	<u>Amount</u>
Tuition and Fees	\$ 123,878
Ohio School Facilities Grant	10,248,264
Public School Preschool Grant	1,910
Carl Perkins Grant	66,474
Title II-A	10,462
Total Intergovernmental Receivable	<u>\$10,450,988</u>

8. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance At 6/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance At 6/30/2011</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,173,459			\$ 1,173,459
Construction in Progress	449,091	\$4,468,486		4,917,577
Total Capital Assets, Not Being Depreciated	1,622,550	4,468,486		6,091,036
Depreciable Capital Assets:				
Buildings and Improvements	12,435,946			12,435,946
Furniture, Fixtures, and Equipment	7,462,606	117,202	(\$48,032)	7,531,776
Vehicles	291,500			291,500
Total Depreciable Capital Assets	20,190,052	117,202	(48,032)	20,259,222
Less Accumulated Depreciation:				
Buildings and Improvements	(2,991,882)	(172,560)		(3,164,442)
Furniture, Fixtures, and Equipment	(4,555,143)	(302,511)	39,759	(4,817,895)
Vehicles	(225,950)	(11,145)		(237,095)
Total Accumulated Depreciation	(7,772,975)	(486,216)*	39,759	(8,219,432)
Depreciable Capital Assets, Net	12,417,077	(369,014)	(8,273)	12,039,790
Governmental Activities Capital Assets, Net	<u>\$14,039,627</u>	<u>\$4,099,472</u>	<u>(\$ 8,273)</u>	<u>\$18,130,826</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 37,907
Special	1,512
Vocational	290,226
Adult/Continuing	19,370
Support Services:	
Pupils	10,700
Instructional Staff	3,519
Administration	31,315
Fiscal	545
Business	748
Operation and Maintenance of Plant	59,788
Pupil Transportation	9,392
Central	9,416
Operation of Non-Instructional Services	11,778
Total Depreciation Expense	<u>\$486,216</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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 2011, the School District contracted with the Selective Insurance Company of South Carolina for general liability, property, and fleet insurance.

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

B. Medical Benefits

For fiscal year 2011, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool consisting of 35 school districts (Note 15). The School District pays monthly premiums to the Trust for employee medical, dental, and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation

For fiscal year 2011, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Corvel Corporation provides administrative, cost control, and actuarial services to the GRP.

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$238,827, \$274,345 and \$196,551, respectively. For fiscal year 2011, 99.40 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and the Combined Plan was \$1,484,754 for the fiscal year ended June 30, 2011, \$1,635,605 for the fiscal year ended June 30, 2010, and \$1,657,331 for the fiscal year ended June 30, 2009. For fiscal year 2011, 89.52 percent has been contributed for the DB plan and Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 was \$43,629 made by the School District and \$31,163 made by the plan members. In addition, member contributions of \$36,260 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

11. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2011, this amount was \$35,800.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$64,718, \$52,940, and \$132,779, respectively. For fiscal year 2011, 99.40 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009, were \$15,369, \$16,315 and \$16,217 respectively. For fiscal year 2011, 99.40 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$114,212, \$125,816, and \$127,487 respectively. For fiscal year 2011, 89.52 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

12. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from the Board of Education's administrative regulations and State laws. Full-time classified employees for annual terms on regular contracts are granted two weeks of paid vacation. They are granted one additional day of paid vacation for every full year of service to the School District after the completion of five years. After 20 years of service, the employee will have 25 days of paid vacation. Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Director and Treasurer. Accumulated, unused vacation time is paid to classified employees upon termination of employment.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. OTHER EMPLOYEE BENEFITS (Continued)

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

B. Insurance Benefits

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

13. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	<u>Outstanding 6/30/10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 6/30/11</u>	<u>Due in One Year</u>
Governmental Activities:					
School Facilities Serial Bonds	\$7,285,000		\$ 710,000	\$6,575,000	\$760,000
Premium on Bonds	97,872		11,080	86,792	
Compensated Absences	1,415,275	\$318,210	395,699	1,337,786	88,709
Total Long-Term Liabilities	<u>\$8,798,147</u>	<u>\$318,210</u>	<u>\$1,116,779</u>	<u>\$7,999,578</u>	<u>\$848,709</u>

School Facilities Serial Bonds - On May 20, 2010, Upper Valley Joint Vocational School issued \$7,285,000 in school facilities general obligation serial bonds. The serial bonds are not subject to prior redemption. The serial bonds were issued for a 10-year period with final maturity during fiscal year 2018. The bonds will be retired from the Bond Retirement Fund with property tax revenues.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2011, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 760,000	\$166,113
2013	775,000	150,913
2014	790,000	135,413
2015	810,000	119,613
2016	825,000	101,388
2017-2018	2,615,000	167,538
Total	<u>\$6,575,000</u>	<u>\$840,978</u>

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

The School District's overall legal debt margin was \$194,032,856 and the un-voted debt margin was \$2,228,976 at June 30, 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

14. INTERFUND ASSETS/LIABILITIES AND TRANSFERS

Payable	Receivable		
	General	Internal Service	Total
General		\$39,466	\$ 39,466
Adult Education	\$ 35,000		35,000
Internal Service	42,500		42,500
Other Governmental Funds	46,527		46,527
Total	\$124,027	\$39,466	\$163,493

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

The General Fund had transfers-out to the Other Governmental Funds of \$438,500. Transfers are made to move General Fund revenues that are used to subsidize various programs in other funds.

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

A. Jointly Governed Organizations

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts in 12 counties. The purpose of SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Payments to SOEPC are made from the General Fund. During fiscal year 2011, the School District paid \$180,745 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

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

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 2011, the School District paid \$5,184 to SOITA for services provided during the fiscal year. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

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

The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Payments to WOCO are made from the General Fund. The School District paid WOCO \$72,579 for services provided during the fiscal year. Financial information can be obtained from Donn Walls, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

B. Insurance Purchasing Pool

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

C. Public Entity Shared Risk Pool

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

16. 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 instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Textbooks and Instructional Materials	Capital Improvements
Set-aside Reserve Balance as of June 30, 2010	\$ 39,552	
Current Fiscal Year Set-aside Requirement	189,335	\$189,335
Current Fiscal Year Offsets		(26,951)
Qualifying Disbursements	(1,141,810)	(162,384)
Set-aside Reserve Balance as of June 30, 2011	<u>(\$ 912,923)</u>	<u>\$ 0</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>(\$ 912,923)</u>	<u>\$ 0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements amount below zero. This extra amount of offsets may not be used to reduce the set-aside requirements in future fiscal years.

Amount of offsets and qualifying disbursements for capital acquisitions presented in the table were limited to those necessary to reduce the fiscal year-end balance to zero. Although the School District had qualifying disbursements during the fiscal year that would have reduced the set-aside amount for capital acquisitions to below zero, therefore the School District has chosen not to present them.

17. CHANGES IN ACCOUNTING PRINCIPLES

The School District has implemented Governmental Accounting Standards Board (GASB Statement No. 54, "Fund Balance Reporting, and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the following change to fund balances at June 30, 2010, as previously reported:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2010, as previously reported	\$4,079,525	\$3,848,741
Reclassification of Funds	113,838	(113,838)
Fund Balance, June 30, 2010, as restated	<u>\$4,193,363</u>	<u>\$3,734,903</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

18. FUND BALANCES

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

<u>Fund Balances</u>	<u>General</u>	<u>Adult Education</u>	<u>Classroom Facilities</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Non-spendable					
Assets Held for Resale	\$ 34,851				\$ 34,851
Inventory	32,515				32,515
Total Non-spendable	<u>67,366</u>				<u>67,366</u>
Restricted for:					
Adult Education		\$57,996		\$ 9,116	67,112
Classroom Facilities			\$8,519,551	1,695,550	10,215,101
Permanent Improvement				158,863	158,863
Bond Retirement				657,706	657,706
Food Service Operations				52,391	52,391
Career Enhancement				6,448	6,448
Data Communications				56,123	56,123
State and Federal Grants				7,390	7,390
Total Restricted		<u>57,996</u>	<u>8,519,551</u>	<u>2,643,587</u>	<u>11,221,134</u>
Committed to:					
Project Commitments	<u>133,033</u>				<u>133,033</u>
Assigned to:					
Willowbrook Wetlands Project	116,844				116,844
Permanent Improvement				1,120,551	1,120,551
Other Purposes	<u>2,035,296</u>				<u>2,035,296</u>
Total Assigned	<u>2,152,140</u>			<u>1,120,551</u>	<u>3,272,691</u>
Unassigned (Deficit)				<u>(56,731)</u>	<u>(56,731)</u>
Total Fund Balances	<u>\$2,352,539</u>	<u>\$57,996</u>	<u>\$8,519,551</u>	<u>\$3,707,407</u>	<u>\$14,637,493</u>

19. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

19. CONTINGENCIES (Continued)

B. Litigation

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

20. CONTRACTUAL COMMITMENTS

The following table provides a summary of the outstanding contractual commitments for Ohio Schools Facilities Project as of June 30, 2011:

Contractor	Contract Amount	Amount Expended	Amount Remaining
Wenco	\$ 490,199		\$ 490,199
Cin/Dayton Fire Protection	290,985		290,985
Sollmann Electric Co	149,961		149,961
DeBra Kuempel	4,324,900		4,324,900
Active Electric	3,460,000		3,460,000
Ohio Valley Integration	1,519,000		1,519,000
Staffco Construction	5,408,400		5,408,400
Levin Porter Association	1,688,352	\$1,117,875	570,477
Bruns/Wrightway	121,139	64,992	56,147
Kelly Brothers	961,000		961,000
	<u>\$18,413,936</u>	<u>\$1,182,867</u>	<u>\$17,231,069</u>

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture					
<i>Passed through Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$28,659		\$28,659	
National School Lunch Program	10.555	107,186	\$26,431	107,186	\$26,431
Total Child Nutrition Cluster		<u>135,845</u>	<u>26,431</u>	<u>135,845</u>	<u>26,431</u>
Total U.S. Department of Agriculture		<u>135,845</u>	<u>26,431</u>	<u>135,845</u>	<u>26,431</u>
U.S. Department of Education					
<i>Passed through Ohio Department of Education</i>					
Adult Education - Basic Grants to States	84.002	143,891		139,753	
Career and Technical Education - Basic Grants to States	84.048	371,738		363,826	
Safe and Drug-Free Schools and Communities State Grants	84.186	169			
Improving Teacher Quality State Grants	84.367	1,161			
<i>Direct Receipt</i>					
Student Financial Assistance Cluster					
Federal Pell Grant Program	84.063	399,190		384,619	
Federal Direct Student Loans	84.268	384,619		399,190	
Total Student Financial Assistance Cluster		<u>783,809</u>		<u>783,809</u>	
Total U.S. Department of Education		<u>1,300,768</u>		<u>1,287,388</u>	
Total Federal Financial Assistance		<u>\$1,436,613</u>	<u>\$26,431</u>	<u>\$1,423,233</u>	<u>\$26,431</u>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Valley Joint Vocational School District, Miami County, (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 5, 2012 wherein we noted the District adopted the provisions of Governmental Accounting Standard Board Statement No. 54 *Fund Balance and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Upper Valley Joint Vocational School District
Miami County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated April 5, 2012.

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

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

Dave Yost
Auditor of State

April 5, 2012



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Upper Valley Joint Vocational School District, Miami County (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Upper Valley Joint Vocational School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School District's compliance based on our audit.

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

In our opinion, the Upper Valley Joint Vocational School District, Miami County, complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2011. We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated April 5, 2012.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

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

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

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



Dave Yost
Auditor of State

April 5, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT
MIAMI COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	5705.41(B) – Expenditures exceeded Appropriations	No	Partially corrected. Included in separate letter to management.



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Upper Valley Joint Vocational School District (the School District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on April 26, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 5, 2012

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Dave Yost • Auditor of State

UPPER VALLEY JOINT VOCATIONAL SCHOOL DISTRICT

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2012