



Dave Yost • Auditor of State



**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Valley Career Center, Miami County, Ohio (the Career Center), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Career Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Career Center's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Valley Career Center, Miami County, Ohio, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3A to the financial statements, during the year ended June 30, 2013, the Career Center adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities* which resulted in restated net position. We did not modify our opinion regarding this matter.

Additionally, as discussed in Note 3B the general fund budgetary basis fund balance was restated to exclude funds budgeted elsewhere. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the Career Center's basic financial statements taken as a whole.

The Schedule of Federal Awards Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2014, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 13, 2014

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**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

The management's discussion and analysis of the Upper Valley Career Center's (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2013 are as follows:

- The Career Center restated net position at June 30, 2012 as described in Note 3.A to the basic financial statements. In total, net position of governmental activities increased \$607,700, which represents a 1.64% increase from fiscal year 2012.
- Governmental activities' general revenues accounted for \$14,499,826 in revenue or 69.28% of all revenue. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,430,719 in revenue or 30.72% of total revenues of \$20,930,545.
- The Career Center had \$20,322,845 in expenses related to governmental activities; only \$6,430,719 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,499,826 were adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund and classroom facilities fund. The general fund had \$16,296,309 in revenues and \$16,025,423 in expenditures and other financing uses. The general fund's fund balance increased \$270,886 from \$3,392,835 to \$3,663,721.
- The classroom facilities fund had \$358,772 in revenues and \$4,367,954 in expenditures. The classroom facilities fund's fund balance decreased \$4,009,182 from \$4,452,795 to \$443,613. The significant decrease in fund balance in the classroom facilities fund is due to the Career Center being in its final stages of an Ohio School Facilities Commission (OSFC) construction project.

**Using the Basic Financial Statements (BFS)**

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

The statement of net position and statement of activities provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Career Center's most significant funds with all other non-major funds presented in total in one column. In the case of the Career Center, the general fund and classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

**Reporting the Career Center as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did the Career Center do financially during fiscal year 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the Career Center's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, and food service operations.

The Career Center's statement of net position and statement of activities can be found on pages 15-16 of this report.

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

***Fund Financial Statements***

The analysis of the Career Center's major governmental funds begins on page 12. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund and classroom facilities fund.

***Governmental Funds***

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 financial statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

***Proprietary Funds***

The Career Center maintains one proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Career Center's various functions. The Career Center's internal service fund accounts for various supplies maintained and distributed by the Career Center's warehouse. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

**Reporting the Career Center's Fiduciary Responsibilities**

The Career Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Career Center also acts in a trustee capacity as an agent for individuals and/or private organizations. This activity is presented as an agency fund. All of the Career Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 25-26. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-56 of this report.

**The Career Center as a Whole**

The statement of net position provides the perspective of the Career Center as a whole.

Certain asset, deferred outflows of resources, liability, deferred inflows of resources, and net position classifications have been reclassified by the Career Center for fiscal year 2012 to conform to fiscal year 2013 presentation in accordance with GASB Statement No. 63 and GASB Statement No. 65. The net position of the Career Center was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The table below provides a summary of the Career Center's net position at June 30, 2013 and June 30, 2012.

	<b>Net Position</b>	
	<b>Governmental Activities 2013</b>	<b>(Restated) Governmental Activities 2012</b>
<b>Assets:</b>		
Current assets	\$14,721,301	\$20,371,645
Capital assets, net	37,038,632	32,266,820
<b>Total assets</b>	51,759,933	52,638,465
<b>Liabilities:</b>		
Current liabilities	1,639,669	3,185,633
Long-term liabilities	6,978,503	7,047,282
<b>Total liabilities</b>	8,618,172	10,232,915
<b>Deferred Inflows of Resources</b>	5,535,909	5,407,398

(Continued)

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

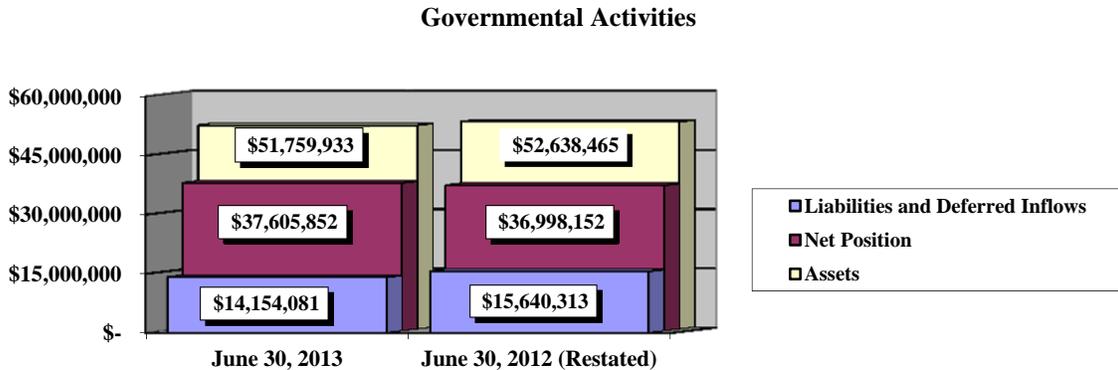
	<b>Net Position (Continued)</b>	
	<b>Governmental Activities 2013</b>	<b>(Restated) Governmental Activities 2012</b>
<b>Net Position:</b>		
Net investment in capital assets	31,934,000	26,451,820
Restricted	2,863,797	8,237,503
Unrestricted	2,808,055	2,308,829
<b>Total net position</b>	<b>\$37,605,852</b>	<b>\$36,998,152</b>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the Career Center's assets exceeded liabilities and deferred inflows of resources by \$37,605,852. The increases in capital assets and net investment in capital assets are offset by decreases in current assets, current liabilities, and restricted net position, as current financial resources were used throughout fiscal year 2013 to acquire capital assets in relation to the Career Center's OSFC construction project.

At fiscal year-end, capital assets represented 71.56% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures, and equipment, and vehicles. The Career Center's net investment in capital assets at June 30, 2013 was \$31,934,000. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, \$2,863,797, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$2,808,055 may be used to meet the Career Center's ongoing obligations to the students and creditors.

The net position of the Career Center was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The graph below illustrates the Career Center's assets, liabilities and deferred inflows of resources, and net position at June 30, 2013 and June 30, 2012.



The net position of the Career Center was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The table below shows the changes in net position for governmental activities for fiscal years 2013 and 2012.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

**Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>(Restated) 2012</b>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services and sales	\$1,321,322	\$1,460,703
Operating grants and contributions	5,107,897	4,841,115
Capital grants and contributions	1,500	
<b>General revenues:</b>		
Property taxes	6,310,001	6,847,909
Grants and entitlements	8,096,071	8,294,598
Investment earnings	19,880	36,870
Decrease in fair value of investments	(21,803)	
Miscellaneous	95,677	231,132
Total revenues	<u>20,930,545</u>	<u>21,712,327</u>
<b>Expenses:</b>		
<b>Program expenses:</b>		
<b>Instruction:</b>		
Regular	\$ 1,667,120	\$ 1,869,040
Special	351,934	489,345
Vocational	8,344,816	8,152,960
Adult/continuing	1,351,949	1,363,420
Other	127,690	152,172
<b>Support services:</b>		
Pupil	1,701,330	1,510,522
Instructional staff	1,024,066	1,049,182
Board of education	44,977	36,078
Administration	1,176,816	1,127,858
Fiscal	525,126	570,433
Business	192,492	158,273
Operations and maintenance	1,422,808	1,573,701
Pupil transportation	77,406	54,031
Central	1,031,662	856,941
<b>Operation of non-instructional services:</b>		
Other non-instructional services	654,926	613,807
Food service operations	453,010	362,879
Extracurricular activities	36,735	52,719
Interest and fiscal charges	137,982	139,748
Total expenses	<u>20,322,845</u>	<u>20,133,109</u>
Change in net position	607,700	1,579,218
Net position at beginning of year (restated)	36,998,152	35,418,934
Net position at end of year	<u>\$37,605,852</u>	<u>\$36,998,152</u>

**UPPER VALLEY CAREER CENTER  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

**Governmental Activities**

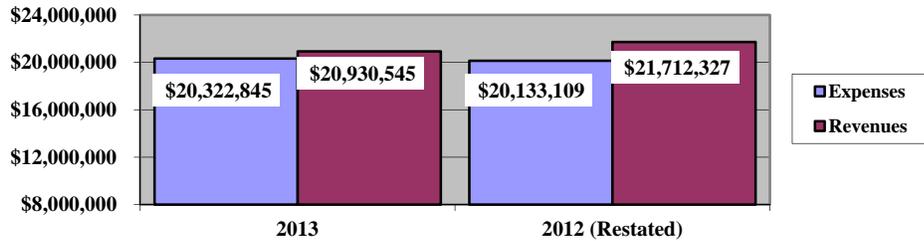
Net position of the Career Center's governmental activities increased \$607,700. Total governmental expenses of \$20,322,845 were offset by program revenues of \$6,430,719 and general revenues of \$14,499,826. Program revenues supported 31.64% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 68.83% of total governmental revenue. Property taxes and grants and entitlements decreased primarily due to a decline in real estate property values. Real estate property is reappraised every six years.

The largest expense of the Career Center is for instructional programs. Instruction expenses totaled \$11,843,509 or 58.28% of total governmental expenses for fiscal year 2013. The Career Center experienced increased expenses for both pupil and central support services, which was partially offset by a reduction in regular instruction expenses during fiscal year 2013. In total, overall expenses remained comparable to the prior year, only increasing 0.94%.

The net position of the Career Center was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2013 and 2012.

**Governmental Activities - Revenues and Expenses**



The net position of the Career Center was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2013 and 2012. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

	<b>Governmental Activities</b>			
	<b>Total Cost of Services 2013</b>	<b>Net Cost of Services 2013</b>	<b>(Restated) Total Cost of Services 2012</b>	<b>(Restated) Net Cost of Services 2012</b>
<b>Program Expenses:</b>				
<b>Instruction:</b>				
Regular	\$ 1,667,120	\$ 1,661,105	\$ 1,869,040	\$ 1,869,040
Special	351,934	(241,566)	489,345	(103,963)
Vocational	8,344,816	5,392,241	8,152,960	5,400,309
Adult/continuing	1,351,949	267,188	1,363,420	170,754
Other	127,690	99,028	152,172	136,522

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**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

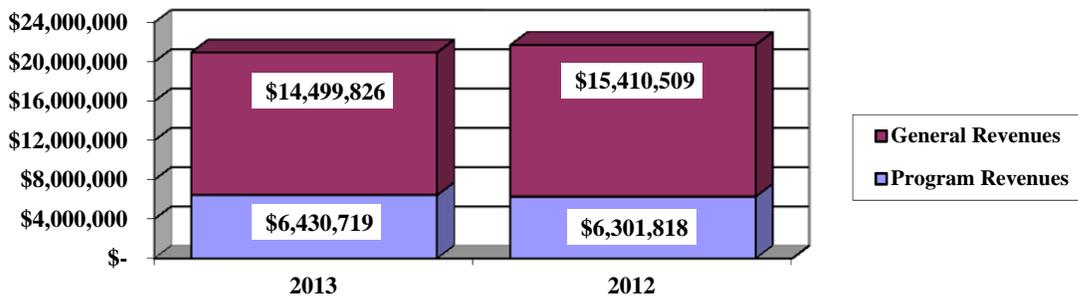
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

	<b>Governmental Activities (Continued)</b>			
	<b>Total Cost of Services 2013</b>	<b>Net Cost of Services 2013</b>	<b>(Restated) Total Cost of Services 2012</b>	<b>(Restated) Net Cost of Services 2012</b>
<b>Program Expenses:</b>				
<b>Support services:</b>				
Pupil	1,701,330	1,421,223	1,510,522	1,378,905
Instructional staff	1,024,066	874,736	1,049,182	844,904
Board of education	44,977	44,977	36,078	36,078
Administration	1,176,816	662,830	1,127,858	755,182
Fiscal	525,126	524,982	570,433	543,050
Business	192,492	192,492	158,273	158,273
Operations and maintenance	1,422,808	1,388,821	1,573,701	1,517,971
Pupil transportation	77,406	72,212	54,031	48,246
Central	1,031,662	985,178	856,941	856,632
<b>Operation of non-instructional services:</b>				
Other non-instructional services	654,926	297,686	613,807	16,919
Food service operations	453,010	74,276	362,879	10,002
Extracurricular activities	36,735	36,735	52,719	52,719
Interest and fiscal charges	<u>137,982</u>	<u>137,982</u>	<u>139,748</u>	<u>139,748</u>
<b>Total expenses</b>	<b><u>\$20,322,845</u></b>	<b><u>\$13,892,126</u></b>	<b><u>\$20,133,109</u></b>	<b><u>\$13,831,291</u></b>

The dependence upon tax and other general revenues for governmental activities is apparent, as 60.61% of fiscal year 2013 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 68.36% in fiscal year 2013. The Career Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Career Center's students.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2013 and 2012.

**Governmental Activities - General and Program Revenues**



**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

**The Career Center's Funds**

The Career Center's governmental funds reported a combined fund balance of \$6,541,608, which is less than last year's total balance of \$10,838,685. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and June 30, 2012.

	<b>Fund Balance June 30, 2013</b>	<b>Fund Balance June 30, 2012</b>	<b>Increase/ (Decrease)</b>
General	\$3,663,721	\$ 3,392,835	\$ 270,886
Classroom Facilities	443,613	4,452,795	(4,009,182)
Non-major Governmental	2,434,274	2,993,055	(558,781)
Total	<u>\$6,541,608</u>	<u>\$10,838,685</u>	<u>(\$4,297,077)</u>

**General Fund**

The Career Center's general fund balance increased \$270,886. The tables that follow assist in illustrating the financial activities and fund balance of the general fund.

The table that follows assists in illustrating the revenues of the general fund.

	<b>2013 Amount</b>	<b>2012 Amount</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>
<b>Revenues:</b>				
Property taxes	\$ 5,207,050	\$ 5,940,589	(\$ 733,539)	(12.35) %
Earnings on investments	9,535	8,934	601	6.73 %
Decrease in fair value of investments	(609)		(609)	(100.00) %
Intergovernmental	10,883,460	11,020,638	(137,178)	(1.24) %
Other revenues	196,873	545,134	(348,261)	(63.89) %
Total	<u>\$16,296,309</u>	<u>\$17,515,295</u>	<u>(\$1,218,986)</u>	<u>(6.96) %</u>

Overall revenues of the general fund decreased \$1,218,986 or 6.96%. Property taxes decreased \$733,539 or 12.35% primarily due to a decline in real estate property values and the transfer of property tax revenue to the classroom facilities maintenance fund (a non-major governmental fund) in accordance with the Career Center's OSFC project agreement. Other revenues decreased \$348,261 or 63.89% mainly due to a reduction in tuition and fees revenue resulting from the Career Center moving certain adult education activities out of the uniform schools supplies fund (part of the general fund on a GAAP-basis) and into the adult education fund (a non-major governmental fund). Other revenues also declined due to a decrease in miscellaneous receipts made during fiscal year 2013.

The table that follows assists in illustrating the expenditures of the general fund.

	<b>2013 Amount</b>	<b>2012 Amount</b>	<b>Increase/ (Decrease)</b>	<b>Percentage Change</b>
<b>Expenditures:</b>				
Instruction	\$ 9,396,309	\$10,112,647	(\$716,338)	(7.08) %
Support services	5,582,061	5,584,495	(2,434)	(0.04) %
Operation of non-instructional services	371,308	283,155	88,153	31.13 %
Extracurricular activities	36,735	52,719	(15,984)	(30.32) %
Facilities acquisition and construction	29,758	66,983	(37,225)	(55.57) %
Total	<u>\$15,416,171</u>	<u>\$16,099,999</u>	<u>(\$683,828)</u>	<u>(4.25) %</u>

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

Overall expenditures of the general fund decreased \$683,828 or 4.25%. The most significant decrease was in the area of instruction expenditures, which decreased \$716,338 or 7.08% mainly due to the Career Center's attempt to control personnel costs. All other expenditure classifications remained comparable in dollar value to the prior fiscal year.

***Classroom Facilities Fund***

The classroom facilities fund had \$358,772 in revenues and \$4,367,954 in expenditures. The classroom facilities fund's fund balance decreased \$4,009,182 from \$4,452,795 to \$443,613. The significant decrease in fund balance in the classroom facilities fund is due to the Career Center being in its final stages of an Ohio School Facilities Commission (OSFC) construction project.

***General Fund Budgeting Highlights***

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

For the general fund, final budgeted revenues and other financing sources were \$16,598,225, which were \$396,212 greater than original budgeted revenues and other financing sources of \$16,202,013. Actual revenues and other financing sources of \$16,951,069 were \$352,844 greater than final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$17,826,329 were \$1,045,918 less than final budgeted expenditures and other financing uses of \$18,872,247. Actual expenditures and other financing uses for fiscal year 2013 totaled \$16,829,536 and were \$2,042,711 less than final budgeted expenditures and other financing uses.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2013, the Career Center had \$37,038,632 invested in land, construction in progress, buildings and improvements, furniture, fixtures, and equipment, and vehicles. The total amount was reported in governmental activities. The following table shows June 30, 2013 balances compared to June 30, 2012.

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Land	\$ 1,173,459	\$ 1,173,459
Construction in progress	24,353,744	19,531,132
Buildings and improvements	8,927,131	9,099,131
Furniture, fixtures, and equipment	2,550,766	2,419,838
Vehicles	<u>33,532</u>	<u>43,260</u>
Total	<u>\$37,038,632</u>	<u>\$32,266,820</u>

The overall increase in capital assets of \$4,771,812 is due to capital asset additions of \$5,028,021 exceeding depreciation expense of \$222,273 and disposals of \$33,936 (net of accumulated depreciation).

See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)  
(Continued)**

***Debt Administration***

At June 30, 2013, the Career Center had \$5,040,000 in general obligation bonds outstanding. Of this total, \$790,000 is due within one year and \$4,250,000 is due in more than one year. The following table summarizes the long-term obligations outstanding at June 30, 2013 and June 30, 2012.

<b>Outstanding Debt, at Year End</b>		
	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
General obligation bonds	<u>\$5,040,000</u>	<u>\$5,815,000</u>

At June 30, 2013, the Career Center's overall legal debt margin was \$199,581,867, with an unvoted debt margin of \$2,265,696.

See Note 9 to the basic financial statements for additional information on the Career Center's debt administration.

**Current Financial Related Activities**

The Career Center is located in Piqua, Ohio, but also encompasses areas within Miami, Shelby, Logan, Darke, and Auglaize Counties. With the new budget bill, there are several unknowns throughout the State regarding the funding of school districts and career centers. With approximately half of the Career Center's cash-basis revenue being generated through the State Foundation, any changes impacting State funding will have a significant impact on the Career Center's financial resources.

Approximately one-third of the Career Center's general fund cash-basis revenue comes from local property sources, two-thirds comes from intergovernmental State funding, and a small portion comes from other sources.

The future finances of the Career Center present several challenges due to changes in the State funding formula and budget model, issues with State legislation and the composition of the Board of Education, and local economic issues and property valuations. These situations, along with potential changes in weighted funding and federal grants, pose significant uncertainty in future revenue streams and the operation of Career Center programs.

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Paul Carpenter, Treasurer, Upper Valley Career Center, 8811 Career Drive, Piqua, Ohio 45356.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments	\$7,515,983
<b>Receivables:</b>	
Property taxes	6,540,225
Accounts	146,603
Accrued interest	3,807
Intergovernmental	377,788
Prepayments	22,736
Materials and supplies inventory	95,159
Assets held for resale	19,000
<b>Capital assets:</b>	
Non-depreciable capital assets	25,527,203
Depreciable capital assets, net	11,511,429
Capital assets, net	37,038,632
Total assets	51,759,933
<b>Liabilities:</b>	
Accounts payable	235,308
Accrued wages and benefits payable	1,165,081
Pension obligation payable	165,805
Intergovernmental payable	62,746
Accrued interest payable	10,729
<b>Long-term liabilities:</b>	
Due within one year	1,449,243
Due in more than one year	5,529,260
Total liabilities	8,618,172
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	5,535,909
Total deferred inflows of resources	5,535,909
<b>Net position:</b>	
Net investment in capital assets	31,934,000
<b>Restricted for:</b>	
Capital projects	768,625
Classroom facilities maintenance	1,350,984
Debt service	720,090
Locally funded programs	11,446
Federally funded programs	11,379
Other purposes	1,273
Unrestricted	2,808,055
Total net position	\$37,605,852

*See accompanying notes to the basic financial statements.*



**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<u>General</u>	<u>Classroom Facilities</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments	\$4,125,595	\$443,430	\$2,946,168	\$7,515,193
<b>Receivables:</b>				
Property taxes	5,707,610		832,615	6,540,225
Accounts	15,585		131,018	146,603
Accrued interest	106	2,603	1,098	3,807
Intergovernmental	24,841	89,173	263,774	377,788
Interfund loans	173,000			173,000
Loans	286,027			286,027
Prepayments	20,146		2,590	22,736
Materials and supplies inventory	94,487		672	95,159
Assets held for resale	19,000			19,000
<b>Restricted assets:</b>				
Equity in pooled cash and investments	790			790
<b>Total assets</b>	<u>10,467,187</u>	<u>535,206</u>	<u>4,177,935</u>	<u>15,180,328</u>
<b>Liabilities:</b>				
Accounts payable	67,994		167,314	235,308
Accrued wages and benefits payable	1,054,043		111,038	1,165,081
Pension obligation payable	144,308		21,497	165,805
Intergovernmental payable	51,788		10,958	62,746
Interfund loans payable			173,000	173,000
Loans payable			251,027	251,027
Compensated absences payable	87,754			87,754
Early retirement incentive payable	392,692		48,226	440,918
<b>Total liabilities</b>	<u>1,798,579</u>	<u>89,173</u>	<u>783,060</u>	<u>2,581,639</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	4,832,255		703,654	5,535,909
Delinquent property tax revenue not available	159,714		21,567	181,281
Tuition revenue not available			109,714	109,714
Accrued interest not available	34	2,420	517	2,971
Classroom materials and fees revenue not available	7,387		9,702	17,089
Other local revenues not available	5,497			5,497
Other nonexchange transactions not available		89,173	115,447	204,620
<b>Total deferred inflows of resources</b>	<u>5,004,887</u>	<u>91,593</u>	<u>960,601</u>	<u>6,057,081</u>
<b>Fund balances:</b>				
Non-spendable	420,450		3,262	423,712
Restricted		443,613	2,305,994	2,749,607
Committed	352,370			352,370
Assigned	471,770		463,915	935,685
Unassigned (deficit)	2,419,131		(338,897)	2,080,234
<b>Total fund balances</b>	<u>3,663,721</u>	<u>443,613</u>	<u>2,434,274</u>	<u>6,541,608</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$10,467,187</u>	<u>\$535,206</u>	<u>\$4,177,935</u>	<u>\$15,180,328</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013**

Total governmental fund balances		\$6,541,608
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,038,632
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		
Property taxes receivable	\$181,281	
Accounts receivable	132,300	
Accrued interest receivable	2,971	
Intergovernmental receivable	204,620	
Total		521,172
An internal service fund is used by management to charge the costs of supplies to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		(35,000)
Unamortized premiums on bonds issued are not recognized in the funds.		(64,632)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(10,729)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(5,040,000)	
Compensated absences payable	(1,231,917)	
Early retirement incentive payable	(113,282)	
Total		(6,385,199)
Net position of governmental activities		<b>\$37,605,852</b>

*See accompanying notes to the basic financial statements.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General	Classroom Facilities	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
<b>From local sources:</b>				
Property taxes	\$5,207,050		\$1,145,054	\$6,352,104
Tuition	19,560		780,062	799,622
Earnings on investments	9,535	\$4,736	4,546	18,817
Decrease in fair value of investments	(609)	(14,908)	(6,286)	(21,803)
Charges for services			186,403	186,403
Classroom materials and fees	1,912		121,360	123,272
Contributions and donations	12,560		15,290	27,850
Contract services	85,221			85,221
Other local revenues	77,620		5,368	82,988
Intergovernmental - intermediate			6,300	6,300
Intergovernmental - state	10,883,460	368,944	659,222	11,911,626
Intergovernmental - federal			1,671,384	1,671,384
Total revenues	<u>16,296,309</u>	<u>358,772</u>	<u>4,588,703</u>	<u>21,243,784</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	1,755,035			1,755,035
Special	368,110		420	368,530
Vocational	7,172,648		900,114	8,072,762
Adult/continuing			1,276,100	1,276,100
Other	100,516		28,239	128,755
<b>Support services:</b>				
Pupil	1,344,345		315,878	1,660,223
Instructional staff	845,352		187,947	1,033,299
Board of education	44,977			44,977
Administration	496,425		645,263	1,141,688
Fiscal	473,173		12,508	485,681
Business	180,450			180,450
Operations and maintenance	1,178,707		192,718	1,371,425
Pupil transportation	63,538		5,893	69,431
Central	955,094		64,647	1,019,741
<b>Operation of non-instructional services:</b>				
Other non-instructional services	371,308		272,051	643,359
Food service operations			450,614	450,614
Extracurricular activities	36,735			36,735
Facilities acquisition and construction	29,758	4,367,954	478,681	4,876,393
<b>Debt service:</b>				
Principal retirement			775,000	775,000
Interest and fiscal charges			143,163	143,163
Total expenditures	<u>15,416,171</u>	<u>4,367,954</u>	<u>5,749,236</u>	<u>25,533,361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>880,138</u>	<u>(4,009,182)</u>	<u>(1,160,533)</u>	<u>(4,289,577)</u>
<b>Other financing sources (uses):</b>				
Transfers in			601,752	601,752
Transfers (out)	(609,252)			(609,252)
Total other financing sources (uses)	<u>(609,252)</u>		<u>601,752</u>	<u>(7,500)</u>
Net change in fund balances	270,886	(4,009,182)	(558,781)	(4,297,077)
Fund balances at beginning of year	3,392,835	4,452,795	2,993,055	10,838,685
Fund balances at end of year	<u>\$3,663,721</u>	<u>\$443,613</u>	<u>\$2,434,274</u>	<u>\$6,541,608</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Net change in fund balances - total governmental funds** (\$4,297,077)

*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.

Capital asset additions	\$5,028,021	
Current year depreciation	(222,273)	
<b>Total</b>	<b>4,805,748</b>	<b>4,805,748</b>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (33,936)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(42,103)	
Tuition	109,714	
Earnings on investments	2,780	
Classroom materials and fees	17,089	
Other local revenues	5,497	
Intergovernmental	(406,216)	
<b>Total</b>	<b>(313,239)</b>	<b>(313,239)</b>

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 775,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the funds:

(Increase) in accrued interest payable	(5,899)	
Amortization of bond premiums	11,080	
<b>Total</b>	<b>5,181</b>	<b>5,181</b>

Some expenses reported in the statement of activities, such as compensated absences and early retirement incentives, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (193,117)

An internal service fund used by management to charge the costs of supplies to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (140,860)

**Change in net position of governmental activities** \$607,700

*See accompanying notes to the basic financial statements.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
<b>Revenues:</b>				
<b>From local sources:</b>				
Property taxes	\$5,372,929	\$5,446,959	\$5,520,082	\$73,123
Tuition	18,742	19,000	20,265	1,265
Earnings on investments	5,918	6,000	8,931	2,931
Classroom materials and fees	19,728	20,000	18,071	(1,929)
Contributions and donations	11,871	9,500	12,560	3,060
Other local revenues	38,463	38,993	41,726	2,733
Intergovernmental - state	10,689,362	10,656,508	10,883,460	226,952
Total revenues	<u>16,157,013</u>	<u>16,196,960</u>	<u>16,505,095</u>	<u>308,135</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,040,082	1,843,724	1,744,338	99,386
Special	553,917	422,087	364,965	57,122
Vocational	8,127,622	8,485,778	7,506,477	979,301
Other	69,975	119,416	96,992	22,424
<b>Support services:</b>				
Pupil	1,391,983	1,424,319	1,329,553	94,766
Instructional staff	884,566	898,871	816,652	82,219
Board of education	48,406	62,092	47,895	14,197
Administration	754,928	817,509	747,174	70,335
Fiscal	630,643	553,434	480,057	73,377
Business	184,105	196,074	184,010	12,064
Operations and maintenance	1,430,026	1,428,208	1,315,942	112,266
Pupil transportation	54,987	66,868	63,333	3,535
Central	928,148	1,052,388	967,399	84,989
<b>Operation of non-instructional services:</b>				
Other non-instructional services	25,518	62,169	17,448	44,721
Extracurricular activities	71,545	74,979	37,351	37,628
Facilities acquisition and construction	4,378	33,831	32,582	1,249
Total expenditures	<u>17,200,829</u>	<u>17,541,747</u>	<u>15,752,168</u>	<u>1,789,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,043,816)</u>	<u>(1,344,787)</u>	<u>752,927</u>	<u>2,097,714</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	5,000	355,000	383,773	28,773
Refund of prior year's receipts	(500)	(500)		500
Transfers in		6,265		(6,265)
Transfers (out)	(375,000)	(1,100,000)	(904,368)	195,632
Advances in	40,000	40,000	54,966	14,966
Advances (out)	(250,000)	(230,000)	(173,000)	57,000
Sale of capital assets			7,235	7,235
Total other financing sources (uses)	<u>(580,500)</u>	<u>(929,235)</u>	<u>(631,394)</u>	<u>297,841</u>
Net change in fund balance	(1,624,316)	(2,274,022)	121,533	2,395,555
Fund balance at beginning of year (restated).	2,450,834	2,450,834	2,450,834	
Prior year encumbrances appropriated	748,891	748,891	748,891	
Fund balance at end of year	<u>\$1,575,409</u>	<u>\$925,703</u>	<u>\$3,321,258</u>	<u>\$2,395,555</u>

See accompanying notes to the basic financial statements.

UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2013

	<b>Governmental Activities - Internal Service Fund</b>
<b>Liabilities:</b>	
Loans payable	\$35,000
Total liabilities	<u>35,000</u>
<b>Net position:</b>	
Unrestricted (deficit)	(35,000)
Total net position (deficit)	<u><u>(\$35,000)</u></u>

*See accompanying notes to the basic financial statements.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating expenses:</b>	
Salaries and wages	\$23,755
Fringe benefits	8,033
Cost of sales	115,205
Other	1,367
Total operating expenses	148,360
 Operating loss	 (148,360)
 Transfers in	 7,500
 Change in net position	 (140,860)
 Net position at beginning of year	 105,860
 Net position (deficit) at end of year	 (\$35,000)

*See accompanying notes to the basic financial statements.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash payments for salaries and wages	(\$28,243)
Cash payments for fringe benefits	(8,033)
Cash payments for cost of sales	(13,057)
Cash payments for other expenses	(1,367)
Net cash used in operating activities	(50,700)
Net decrease in cash and cash equivalents	(50,700)
Cash and cash equivalents at beginning of year	50,700
Cash and cash equivalents at end of year	50,700
 <b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	(148,360)
 <b>Changes in assets and liabilities:</b>	
Decrease in interfund loans receivable	41,052
Decrease in inventory held for resale	61,096
(Decrease) in compensated absences payable	(4,488)
Net cash used in operating activities	(\$50,700)

*See accompanying notes to the basic financial statements.*

UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	Private-Purpose Trust	
	Scholarship	Agency
<b>Assets:</b>		
Equity in pooled cash and investments	\$10,605	\$101,249
<b>Receivables:</b>		
Accounts		1,090
Total assets	10,605	102,339
<b>Liabilities:</b>		
Accounts payable		208
Undistributed monies		102,131
Total liabilities		\$102,339
<b>Net position:</b>		
Held in trust for scholarships	10,605	
Total net position	\$10,605	

*See accompanying notes to the basic financial statements.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest	\$19
Gifts and contributions	10,000
Total additions	10,019
<b>Deductions:</b>	
Scholarships awarded	6,979
Change in net position	3,040
Net position at beginning of year	7,565
Net position at end of year	\$10,605

*See accompanying notes to the basic financial statements.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**1. DESCRIPTION OF THE CAREER CENTER**

The Upper Valley Career Center (the "Career Center") as defined by Section 3311.18 of the Ohio Revised Code, is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Career Center exposes high school and adult students to academic preparation and job training, which lead to employment and/or further education upon graduation from high school. The Career Center includes 14 member school districts throughout all or portions of Auglaize, Darke, Logan, Miami, and Shelby Counties. The first official body designated as the Upper Valley Career Center Board of Education was formed in 1972. Before the beginning of fiscal year 2012, the Career Center changed its designation from Joint Vocational School District to Career Center.

The Career Center operates under a Board of Education consisting of 11 representatives who are members of the Boards of Education of the participating school districts. 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. The Career Center is staffed by 62 classified employees and 134 certified employees who provide services to 2,653 students and other community members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the Career Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service, continuing education, and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's Governing Board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; or (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the

**UPPER VALLEY CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

The following organizations are described due to their relationship to the Career Center:

**1. Jointly Governed Organizations**

**Western Ohio Computer Organization (WOCO)**

The Career Center is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. 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 of member school districts. Each of the governments of these districts supports WOCO based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the Career Center does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a Board of Directors consisting of the Superintendents of the member school districts and the degree of control is limited to the representation on the Board of Directors. The Career Center paid WOCO \$60,086 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.

**Southwestern Ohio Educational Purchasing Council**

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 100 school districts in 18 counties. The purpose of this purchasing cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the SOEPC. During this time, the withdrawing member is liable for all member obligations. The Career Center paid the SOEPC \$74,438 for services provided during the fiscal year. 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, Ohio 45377.

**Southwestern Ohio Instructional Technology Association**

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the SOITA is to serve the regional instructional technology needs of the SOITA member schools by facilitating the use of high quality instructional technology to improve both teaching and learning. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

The 21 representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby and Warren Counties. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a State or local government, for a public purpose. The Career Center paid the SOITA \$500 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, 150 East Sixth Street, Franklin, Ohio 45005.

**2. Insurance Purchasing Pools**

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

The Career Center participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and 8 other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each year, the participating member school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust**

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the "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 offers 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 plan 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 may be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**B. Fund Accounting**

The Career Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Career Center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**UPPER VALLEY CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**1. Governmental Funds**

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the Career Center's major governmental funds:

**General fund** - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Classroom facilities fund** - The classroom facilities fund is used to account for financial resources and expenditures related to the Career Center's school facilities construction project.

Other governmental funds of the Career Center are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures related to debt service activities.

**2. Proprietary Funds**

Proprietary funds are used to account for the Career Center's ongoing activities which are similar to those often found in the private sector. The Career Center has no enterprise funds. The following is a description of the Career Center's internal service fund:

**Internal service fund** - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Career Center, or to other governments, on a cost-reimbursement basis. The only internal service fund of the Career Center accounts for various supplies maintained and distributed by the Career Center's warehouse.

**3. Fiduciary Funds**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**C. Basis of Presentation and Measurement Focus**

**1. Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Career Center.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Career Center are included on the statement of net position.

**2. Fund Financial Statements**

Fund financial statements report detailed information about the Career Center. The focus of governmental fund financial statements is on major funds rather than reporting funds 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 fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Career Center finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. Operating expenses for the internal service fund include personnel costs and costs associated with the sale of warehouse supplies. Revenues and expenses not meeting the operating activity definition are to be reported as non-operating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report results of operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred outflows of resources, 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Career Center, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**UPPER VALLEY CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

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 rentals.

**2. Deferred Inflows of Resources and Deferred Outflows of Resources**

A deferred inflow of resources is an acquisition of net position by the Career Center that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the Career Center that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

**3. Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

All funds, other than 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 of Education's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board of Education. The legal level of budgetary control has been established by the Board of Education at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Career Center Treasurer has been authorized to allocate the Board of Education appropriations to the object level in the general fund and to the function and object level within all other funds.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

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

The appropriation resolution is subject to amendment by the Board of Education throughout the fiscal year, with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriations 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 of Education during the fiscal year, including all supplemental appropriations.

**F. Cash and Investments**

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2013, investments were limited to U.S. Government money markets, U.S. Treasury Notes, federal agency securities and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts are reported at cost.

The Career Center has invested funds in STAR Ohio during fiscal year 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2013.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$9,535, which includes \$2,578 assigned from other Career Center funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Career Center's investment account at fiscal year-end is provided in Note 4.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expended when used. Inventories are accounted for using the consumption method on both the fund financial statements and the government-wide statements.

On the fund financial statements, reported materials and supplies inventory is equally offset by non-spendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventories consist of school supplies, donated food, purchased food and non-food supplies.

**H. Assets Held for Resale**

As an integral part of the instructional laboratory experience for the Career Center's Construction Trades program, houses are constructed on lots purchased by the Career Center for the purpose of being sold at public auction upon completion. The purchased assets that remain unsold at fiscal year-end are reported on the government-wide and fund financial statements as assets held for resale. These transactions are conducted through the Career Center's patronage fund, which is combined with the general fund for financial reporting purposes.

On the fund financial statements, the balance of assets held for resale is equally offset by non-spendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**I. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains its capitalization threshold at \$1,200. 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. The Career Center does not possess infrastructure.

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:

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>
Buildings and improvements	75 years
Furniture, fixtures, and equipment	8 - 20 years
Vehicles	10 - 12 years

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "loans receivable" and "loans payable". On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable" and "interfund loans payable". These interfund balances are eliminated in the governmental activities column on the statement of net position.

**K. Compensated Absences**

Compensated absences of the Career Center consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Career Center and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the termination method. The liability is an estimate based on the Career Center's past experience of making termination (severance) payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and 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 and early retirement incentive obligations 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 year. Bonds payable are recognized as a liability in the fund financial statements when due.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**M. Fund Balance**

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

**Non-spendable** - The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes, but do not meet the criteria to be classified as restricted nor 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 policies of the Career Center Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Career Center applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**N. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Career Center had no net position restricted for enabling legislation. The amount restricted for other purposes represents amounts restricted for special trust activities.

The Career Center applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**O. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered non-spendable in an amount equal to the carrying value of the asset on the fund financial statements.

**P. Estimates**

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

**Q. Bond Issuance Costs and Unamortized Bond Premium**

On the government-wide financial statements, bond issuance costs are expensed during the fiscal year in which they are incurred. The Career Center did not incur any bond issuance costs during fiscal year 2013, but the Career Center did restate net position at June 30, 2012 due to the elimination of unamortized bond issuance costs (deferred charges) as described in Note 3.A.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bond's face value and the amount reported on the statement of net position is presented in Note 9.

**UPPER VALLEY CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**R. Interfund Activity**

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 the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**S. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, and laws of other governments, or internally imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent amounts required by statute to be set aside by the Career Center for unclaimed monies.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the Career Center has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012-an Amendment of GASB Statements No. 10 and No. 62".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Career Center.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the Career Center's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the Career Center, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to *deferred inflows of resources*, (2) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance and (3) net assets of the Career Center as previously reported to remove unamortized bond issuance costs previously reported. The implementation of GASB Statement No. 65 had the following effect on net assets as previously reported:

	<b>Governmental Activities</b>
Net assets as previously reported	\$37,071,615
Removal of unamortized bond issuance costs (deferred charges)	(73,463)
Net position at July 1, 2012	\$36,998,152

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Career Center.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

**B. Budgetary Prior Period Adjustment**

In prior fiscal years, certain funds that are legally budgeted in separate fund classifications were considered part of the general fund on a budgetary basis. Pursuant to GASB Statement No. 54, only the legally budgeted general fund should be reported in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required.

The restatement of the general fund's budgetary basis fund balance at July 1, 2012 is as follows:

<b>Budgetary Basis</b>	<b>General Fund</b>
Balance at June 30, 2012	\$2,728,245
Funds budgeted elsewhere	(277,411)
Restated balance at July 1, 2012	\$2,450,834

**C. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

<b>Proprietary fund:</b>	<b>Deficit</b>
Internal service fund	\$35,000
<b>Non-major governmental funds:</b>	
Food service	1,354
Adult education	246,172
Public school preschool	1,802
Vocational education enhancement	19
Adult basic education	3,335
Vocational education	61,291
Miscellaneous federal grants	24,924

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances are a result of adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as another financing source.

**4. DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Career Center into three categories.

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**A. Cash on Hand**

At fiscal year end, the Career Center had \$625 in un-deposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments".

**B. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all Career Center deposits was \$3,833,633. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$3,338,346 of the Career Center's bank balance of \$4,089,616 was exposed to custodial credit risk as discussed below, while \$751,270 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Career Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Career Center. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2013, the Career Center had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 Months Or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 Months
FHLB	\$1,725,622	\$1,725,622				
FNMA	1,128,797	325,954				\$802,843
U.S. Treasury Notes	625,415		\$625,415			
U.S. Government money market	8,729	8,729				
STAR Ohio	305,016	305,016				
Total	\$3,793,579	\$2,365,321	\$625,415	\$0	\$0	\$802,843

The weighted average maturity of investments is 1.07 years.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

**Credit Risk:** The Career Center's investments in federal agency securities and U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government money market and STAR Ohio were rated AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Career Center's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Career Center's name. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**Concentration of Credit Risk:** The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$1,725,622	45.48
FNMA	1,128,797	29.76
U.S. Treasury Notes	625,415	16.49
U.S. Government money market	8,729	0.23
STAR Ohio	305,016	8.04
Total	<u>\$3,793,579</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<b>Cash and investments per note</b>	
Carrying amount of deposits	\$3,833,633
Investments	3,793,579
Cash on hand	625
Total	<u>\$7,627,837</u>
<b>Cash and investments per statement of net position</b>	
Governmental activities	\$7,515,983
Private-purpose trust fund	10,605
Agency fund	101,249
Total	<u>\$7,627,837</u>

**UPPER VALLEY CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**5. INTERFUND TRANSACTIONS**

- A. Interfund loans receivable/payable consisted of the following at June 30, 2013, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Non-major governmental funds	\$173,000

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated in the government-wide financial statements; therefore, no internal balances at June 30, 2013 are reported on the statement of net position.

- B. Loans receivable/payable resulting from long-term interfund balances consisted of the following at June 30, 2013, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Internal service fund	\$ 35,000
General	Non-major governmental funds	251,027
Total		\$286,027

The primary purpose of the long-term interfund balances is to cover costs in specific funds where revenues were not received by June 30. The long-term interfund balances are not expected to be repaid within one year.

Long-term interfund balances between governmental activities are eliminated in the government-wide financial statements; therefore, no internal balances at June 30, 2013 are reported on the statement of net position.

- C. Interfund transfers for the year ended June 30, 2013 consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
<b>Transfers from general fund to:</b>	
Internal service fund	\$ 7,500
Non-major governmental funds	601,752
Total	\$609,252

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental activities are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

All transfers made in fiscal year 2013 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5704.16.

**UPPER VALLEY CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Miami, Shelby, Logan, Auglaize, and Darke Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$715,641 in the general fund and \$107,394 in the bond retirement fund (a non-major governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$691,023 in the general fund and \$111,038 in the bond retirement fund (a non-major governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 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 inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	<b>2012 Second Half Collections</b>		<b>2013 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/residential and other real estate	\$2,187,629,210	97.28	\$2,192,872,740	96.79
Public utility personal	61,027,520	2.72	72,822,980	3.21
Total	<u>\$2,248,656,730</u>	<u>100.00</u>	<u>\$2,265,695,720</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$5.32		\$5.30	

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**7. RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$6,540,225
Accounts	146,603
Accrued interest	3,807
Intergovernmental	<u>377,788</u>
Total	<u><u>\$7,068,423</u></u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year with the possible exception of the Ohio School Facilities Commission (OSFC) receivable, which will be collected over the life of the project.

**8. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$1,173,459			\$1,173,459
Construction in progress	<u>19,531,132</u>	<u>\$4,822,612</u>		<u>24,353,744</u>
Total capital assets, not being depreciated	<u>20,704,591</u>	<u>4,822,612</u>		<u>25,527,203</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	12,435,946			12,435,946
Furniture, fixtures, and equipment	7,531,776	205,409	(\$61,084)	7,676,101
Vehicles	<u>291,500</u>		<u>(17,230)</u>	<u>274,270</u>
Total capital assets, being depreciated	<u>20,259,222</u>	<u>205,409</u>	<u>(78,314)</u>	<u>20,386,317</u>
<b>Less: accumulated depreciation:</b>				
Buildings and improvements	(3,336,815)	(172,000)	-	(3,508,815)
Furniture, fixtures, and equipment	(5,111,938)	(40,545)	27,148	(5,125,335)
Vehicles	<u>(248,240)</u>	<u>(9,728)</u>	<u>17,230</u>	<u>(240,738)</u>
Total accumulated depreciation	<u>(8,696,993)</u>	<u>(222,273)</u>	<u>44,378</u>	<u>(8,874,888)</u>
Governmental activities capital assets, net	<u>\$32,266,820</u>	<u>\$4,805,748</u>	<u>(\$33,936)</u>	<u>\$37,038,632</u>

Depreciation expense was charged to governmental activities as follows:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**8. CAPITAL ASSETS (Continued)**

<b>Instruction:</b>	
Regular	\$ 35,061
Special	832
Vocational	106,594
Adult/continuing	15,584
<b>Support services:</b>	
Pupil	2,921
Instructional staff	2,111
Administration	16,857
Fiscal	545
Business	747
Operations and maintenance	18,760
Pupil transportation	7,975
Central	2,719
Other non-instructional services	11,567
Total depreciation expense	\$222,273

**9. LONG-TERM OBLIGATIONS**

A. The changes in the Career Center's long-term obligations during the year consist of the following:

	<b>Balance June 30, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2013</b>	<b>Amounts Due in One Year</b>
<b>Governmental activities:</b>					
School facilities bonds	\$5,815,000		(\$ 775,000)	\$5,040,000	\$ 790,000
Early retirement incentive		\$ 995,118	(440,918)	554,200	440,918
Compensated absences	1,156,570	291,330	(128,229)	1,319,671	218,325
<b>Total governmental activities long-term liabilities</b>	<b>\$6,971,570</b>	<b>\$1,286,448</b>	<b>(\$1,344,147)</b>	<b>6,913,871</b>	<b>\$1,449,243</b>
Unamortized bond premiums				64,632	
<b>Total on statement of net position</b>				<b>\$6,978,503</b>	

**School Facilities General Obligation Bonds - Series 2010** - On May 20, 2010, the Career Center issued \$7,285,000 in school facilities general obligation bonds. These serial bonds are not subject to prior redemption. The bonds bear interest at rates ranging from 2.00%-3.25%, with interest payments due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2018. Principal and interest payments are made from the bond retirement fund (a non-major governmental fund).

The following is a summary of the Career Center's future annual principal and interest requirements to maturity for its general obligation bonds:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

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

Year Ending June 30,	School Facilities Bonds - Series 2010		
	Principal	Interest	Total
2014	\$ 790,000	\$127,512	\$ 917,512
2015	810,000	110,500	920,500
2016	825,000	91,075	916,075
2017	845,000	69,144	914,144
2018	870,000	43,388	913,388
2019	900,000	14,625	914,625
Total	<u>\$5,040,000</u>	<u>\$456,244</u>	<u>\$5,496,244</u>

**Early retirement incentive (ERI)** - The Board of Education approved an early retirement incentive for Career Center employees in prior fiscal years. Employees who elected to participate in the ERI receive a payment for their unused sick leave, to the extent allowed by the current labor agreement, along with an annual payment of \$8,000-\$26,000. The ERI payments will be made by the Career Center in lump-sum distributions over a three-year period. The total liability for the ERI at June 30, 2013 was \$554,200, of which \$440,918 is due within one year and \$113,282 is due in more than one year. The liability is recorded in the governmental activities statement of net position as a component of "long-term liabilities".

**Compensated absences** - Compensated absences will be paid from the funds from which the employees' salaries are paid, which for the Career Center is primarily the general fund and the adult education fund (a non-major governmental fund).

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$199,581,867 (including available funds of \$709,252) and an un-voted debt margin of \$2,265,696.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**10. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from the Board of Education's administrative regulations and State laws. Full-time classified employees for annual terms on regular contracts are granted two weeks of paid vacation. They are granted one additional day of paid vacation for every full year of service to the Career Center after the completion of five years. After 20 years of service, classified employees are granted 25 days of paid vacation. Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Directors, and Treasurer. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation to a maximum of 49 days.

**B. Insurance Benefits**

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

**11. RISK MANAGEMENT**

**A. Property and Liability**

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the Career Center contracted with the Selective Insurance Company of South Carolina for property, fleet, stop-gap, employee benefits, and liability insurance. Settled claims have not exceeded this commercial coverage in the past three fiscal years. There have been no significant changes in coverage from the last fiscal year.

**B. Medical Benefits**

For fiscal year 2013, the Career Center participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the "Trust"), a public entity shared risk pool consisting of 55 school districts (See Note 2.A). The Career Center pays monthly premiums to the Trust for employee medical and dental 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 2013, the Career Center participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Corvel Corporation provides administrative, cost control, and actuarial services to the GRP.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**12. PENSION PLANS**

**A. School Employees Retirement System**

**Plan Description** - The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Career Center's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$246,797, \$259,671 and \$238,827, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

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

**Plan Description** - The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. 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 or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**12. PENSION PLANS (Continued)**

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

**Funding Policy** - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,206,363, \$1,355,441 and \$1,484,754, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$96,806 made by the Career Center and \$69,147 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

**13. POST-EMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Plan Description** - The Career Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**13. POST-EMPLOYMENT BENEFITS (Continued)**

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$33,706, \$41,938 and \$64,718, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$13,941, \$15,335 and \$15,387, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

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

**Plan Description** - The Career Center contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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. 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 may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

**Funding Policy** - Ohio law 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Career Center's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$92,797, \$104,265 and \$114,212, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**14. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 and actual (non-GAAP budgetary basis) presented for the general 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

<b>Net Change in Fund Balance</b>	
	<b>General Fund</b>
Budget basis	\$121,533
Net adjustment for revenue accruals	(306,758)
Net adjustment for expenditure accruals	63,232
Net adjustment for other sources/uses	22,142
Funds budgeted elsewhere	(260,528)
Adjustment for encumbrances	631,265
GAAP basis	\$270,886

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, patronage fund, and unclaimed monies fund.

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**15. CONTINGENCIES**

**A. Grants**

The Career Center receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

**B. Litigation**

The Career Center is involved in no material litigation as either plaintiff or defendant.

**16. SET-ASIDES**

The Career Center is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures and other applicable offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<b>Capital Improvements</b>
Set-aside balance June 30, 2012	
Current year set-aside requirement	\$174,015
Current year offsets	(337,650)
Total	(\$163,635)
Balance carried forward to fiscal year 2014	\$ 0
 Set-aside balance June 30, 2013	 \$ 0

During fiscal year 2010, the Career Center issued \$7,285,000 in capital related school facilities general obligation bonds. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The Career Center is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$7,046,910 at June 30, 2013.

**17. FUND BALANCE**

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

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**17. FUND BALANCE (Continued)**

<b>Fund Balance</b>	<b>General</b>	<b>Classroom Facilities</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Non-spendable:</b>				
Long-term interfund loans	\$ 286,027			\$ 286,027
Prepayments	20,146		\$ 2,590	22,736
Materials and supplies inventory	94,487		672	95,159
Assets held for resale	19,000			19,000
Unclaimed monies	790			790
Total non-spendable	<u>420,450</u>		<u>3,262</u>	<u>423,712</u>
<b>Restricted:</b>				
Capital improvements		\$443,613	233,039	676,652
Classroom facilities maintenance			1,350,984	1,350,984
Debt service			709,252	709,252
Other purposes			12,719	12,719
Total restricted		<u>443,613</u>	<u>2,305,994</u>	<u>2,749,607</u>
<b>Committed:</b>				
Student instruction	279,530			279,530
Student and staff support	72,840			72,840
Total committed	<u>352,370</u>			<u>352,370</u>
<b>Assigned:</b>				
Capital improvements			463,915	463,915
Student instruction	110,150			110,150
Student and staff support	111,737			111,737
Operation of non-instructional	34,523			34,523
Extracurricular activities	1,455			1,455
Facilities acquisition and construction	2,823			2,823
Subsequent year's appropriations	97,163			97,163
Willowbrook Wetlands Project	113,919			113,919
Total assigned	<u>471,770</u>		<u>463,915</u>	<u>935,685</u>
Unassigned (deficit)	<u>2,419,131</u>		<u>(338,897)</u>	<u>2,080,234</u>
Total fund balances	<u><u>\$3,663,721</u></u>	<u><u>\$443,613</u></u>	<u><u>\$2,434,274</u></u>	<u><u>\$6,541,608</u></u>

**18. COMMITMENTS**

The Career Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Career Center's commitments for encumbrances in the governmental funds were as follows:

<b>Fund</b>	<b>Year End Encumbrances</b>
General	\$613,058
Classroom facilities	203,247
Non-major governmental funds	76,415
Total	<u><u>\$892,720</u></u>

UPPER VALLEY CAREER CENTER  
MIAMI COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>					
<i>Passed through the Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$37,979		\$37,979	
National School Lunch Program	10.555	123,109	\$24,306	123,109	\$24,306
Total Child Nutrition Cluster		<u>161,088</u>	<u>24,306</u>	<u>161,088</u>	<u>24,306</u>
Total U.S. Department of Agriculture		161,088	24,306	161,088	24,306
<b>U.S. Department of Education</b>					
<i>Passed through the Ohio Board of Regents</i>					
Adult Education - Basic Grants to States	84.002	157,299		226,894	
<i>Passed through the Ohio Department of Education</i>					
Career and Technical Education - Basic Grants to States	84.048	352,251		379,985	
Improving Teacher Quality State Grants	84.367	16,068		20,368	
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	1,400		1,400	
<i>Direct Receipt</i>					
Student Financial Assistance Cluster					
Federal Pell Grant Program	84.063	271,901		271,901	
Federal Direct Student Loans	84.268	<u>431,580</u>		<u>431,580</u>	
Total Student Financial Assistance Cluster		<u>703,481</u>		<u>703,481</u>	
Total U.S. Department of Education		<u>1,230,499</u>		<u>1,332,128</u>	
Total Federal Financial Assistance		<u>\$1,391,587</u>	<u>\$24,306</u>	<u>\$1,493,216</u>	<u>\$24,306</u>

*The accompanying notes are an integral part of this Schedule.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Valley Career Center, Miami County, (the Career Center) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated February 13, 2014; wherein we noted the Career Center adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities* resulting in a restatement of net position. We also noted that the general fund's budgetary basis fund balance was restated to exclude funds budgeted elsewhere.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Career Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Career Center's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Career Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Career Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Career Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 13, 2014



# Dave Yost • Auditor of State

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

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Upper Valley Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Upper Valley Career Center's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Career Center's major federal programs.

### ***Management's Responsibility***

The Career Center's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Career Center's compliance for each of the Career Center's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Career Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the Career Center's major program. However, our audit does not provide a legal determination of the Career Center's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Upper Valley Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control over Compliance**

The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Career Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over compliance.

*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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 13, 2014

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**SCHEDULE OF FINDING  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

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

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

**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



# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

Upper Valley Career Center  
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 Upper Valley Career Center (the Career Center) 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 prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

Columbus, Ohio

February 13, 2014

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# Dave Yost • Auditor of State

**UPPER VALLEY CAREER CENTER**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 20, 2014**