

Scioto County Joint Vocational School District
A Component Unit of the South Central Ohio Educational Service Center
Scioto County
Single Audit
July 1, 2003 Through June 30, 2004
Fiscal Year Audited Under GAGAS: 2004

BALESTRA, HARR & SCHERER, CPAs, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-4131, www.bhscpas.com



**Auditor of State
Betty Montgomery**

Board of Trustees
Scioto County Joint Vocational School District

We have reviewed the Independent Auditor's Report of the Scioto County Joint Vocational School District, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Scioto County Joint Vocational School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 11, 2005

This Page is Intentionally Left Blank.

Scioto County Joint Vocational School District

Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

Table of Contents

	<u>Page</u>
Independent Auditor’s Report.....	1
Managements’ Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Funds Balances To Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) – General Fund	16
Fund Balances – Budget and Actual (Budget Basis) – Adult Education Fund	17
Fund Balances – Budget and Actual (Budget Basis) – Miscellaneous Federal Grant Fund.....	18
Statement of Fiduciary Assets and Liabilities – Agency Fund	19
Notes to the Basic Financial Statements	20
Schedule of Federal Awards Expenditures	42
Notes to the Schedule of Federal Awards Expenditures	43
Report on Internal Control Over Financial and on Compliance and Other Matter Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	44
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Compliance in Accordance With OMB Circular A-133.....	46
Schedule of Findings and Questioned Costs OMB Circular §.505.....	48
Schedule of Prior Year Findings.....	50

BALESTRA, HARR & SCHERER, CPAS, INC.
528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Scioto County Joint Vocational School District
P.O. Box 766
Lucasville, Ohio 45648

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Scioto County Joint Vocational School District (the District), a component unit of South Central Ohio Educational Service Center, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the 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 the District, as of June 30, 2004, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund, adult education fund and miscellaneous federal grants fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Board
Scioto County Joint Vocational School District
Independent Auditor's Report
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of 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 not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 2 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

February 2, 2005

This page left intentionally blank

Scioto County Joint Vocational School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2004 Unaudited

The discussion and analysis of Scioto County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2004 are as follows:

- Net assets of governmental activities decreased \$3,598,375.
- General revenues accounted for \$6,526,791 in revenue or 68% of all revenues. Program specific revenues in the form of charges for services, grants, and contributions, accounted for \$3,076,010 or 32% of total revenues of \$9,602,801.
- The School District had \$13,201,176 in expenses related to governmental activities; only \$3,076,010 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$6,526,791 offset all but \$3,598,375 of the remaining cost for these programs.
- The School District has four major funds; the General Fund, the Adult Education and Miscellaneous Federal Grant Special Revenue Funds, and the Permanent Improvement Capital Projects Fund. The General Fund had \$5,753,438 in revenues and \$5,282,668 in expenditures and other financing uses resulting in an increase in fund balance of \$470,770. The Permanent Improvement Capital Projects Fund had \$645,294 in revenues and \$172,625 in expenditures and other financing uses resulting in an increase in fund balance of \$472,669. The Adult Education Fund had \$2,423,075 in revenues and \$2,166,796 in expenditures resulting in an increase in fund balance of \$256,279. The Miscellaneous Federal Grant Fund had \$975,861 in revenues and other financing sources and \$4,222,152 in expenditures resulting in a decrease in fund balance of \$246,293.

USING THIS ANNUAL FINANCIAL REPORT

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 Scioto County Joint Vocational School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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

Scioto County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District'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 Assets and the Statement of Activities, all of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Scioto County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited*

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2004 compared to 2003.

	Governmental Activities	
	2004	2003
Assets		
Current and Other Assets	\$9,212,167	\$13,457,300
Capital Assets	4,580,351	4,849,321
Total Assets	<u>13,792,518</u>	<u>18,306,621</u>
Liabilities		
Long-term Liabilities	563,012	688,655
Other Liabilities	3,399,912	3,659,946
Total Liabilities	<u>3,962,924</u>	<u>4,348,601</u>
Net Assets		
Invested in Capital Assets, Net of Debt	4,549,864	4,675,821
Restricted	2,258,211	1,431,458
Unrestricted	3,021,519	7,850,741
Total Net Assets	<u>\$9,829,594</u>	<u>\$13,958,020</u>

Total net assets of the District as a whole decreased \$3,598,375. The completion of the 21st Century Grant contributed to the decrease in receivables and net assets.

Scioto County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited*

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2004. Since this is the first year Scioto County Joint Vocational School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2003 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets

	Governmental Activities
	<u>2004</u>
Revenues	
Program Revenues	
Charges for Services and Sales	\$909,537
Operating Grants and Contributions	2,086,988
Capital Grants and Contributions	79,485
Total Program Revenues	<u>3,076,010</u>
General Revenues	
Property Taxes	2,383,134
Grants and Entitlements	3,285,297
Investment Earnings	32,445
Gifts and Donations	1,326
Miscellaneous	824,589
Total General Revenues	<u>6,526,791</u>
Total Revenues	<u>9,602,801</u>
Program Expenses	
Instruction:	
Regular	241,683
Special	57,476
Vocational	4,880,348
Support Services:	
Pupil	4,783,729
Instructional Staff	275,308
Board of Education	8,885
Administration	1,199,139
Fiscal	347,583
Operation and Maintenance of Plant	822,950
Pupil Transportation	5,131
Central	245,216
Operation of Non-Instructional Services	260,010
Extracurricular Activities	42,605
Interest and Fiscal Charges	31,113
Total Expenses	<u>13,201,176</u>
Change in Net Assets	<u>(3,598,375)</u>
Net Assets, Beginning of Year	<u>13,427,969</u>
Net Assets, End of Year	<u>\$ 9,829,594</u>

Scioto County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited*

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements. Comparisons to 2003 have not been made since they are not available.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
	<u>2004</u>	<u>2004</u>
Program Expenses		
Instruction:		
Regular	\$241,683	(\$241,683)
Special	57,476	79,500
Vocational	4,880,348	(4,011,122)
Support Services:		
Pupil	4,783,729	(3,208,981)
Instructional Staff	275,308	(242,862)
Board of Education	8,885	(8,645)
Administration	1,199,139	(1,018,265)
Fiscal	347,583	(304,277)
Operation and Maintenance of Plant	822,950	(776,225)
Pupil Transportation	5,131	(5,131)
Central	245,216	(183,115)
Operation of Non-Instructional Services	260,010	(169,554)
Extracurricular Activities	42,605	(41,647)
Interest and Fiscal Charges	31,113	6,841
Total	<u>\$13,201,176</u>	<u>(\$10,125,166)</u>

THE SCHOOL DISTRICT FUNDS

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$14,105,591 and expenditures and other financing uses of \$13,238,193. The most significant changes in fund balance were in the General Fund and the Permanent Improvement Fund due to increased tax collections.

Scioto County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited*

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2004, the School District amended its General Fund budget, but not significantly.

During 2004, there were several revisions to the General Fund budget. In part, these revisions decreased estimated resources by \$450,857 and increased appropriations by \$529,323. The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. The General fund's ending unobligated cash balance was \$8,622 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2004, the School District had \$4,580,351 invested in land improvements, buildings and improvements, furniture and equipment, vehicles, and textbooks. For additional information on capital assets, see Note 8 to the basic financial statements. Table 4 shows fiscal year 2004 balances compared to 2003.

(Net of Depreciation)

	Governmental Activities	
	2004	2003
Land	\$33,852	\$33,852
Buildings and Improvements	2,954,739	3,125,984
Furniture and Equipment	1,323,491	1,392,748
Vehicles	94,520	99,215
Library and Textbooks	173,749	197,522
Totals	<u>\$4,580,351</u>	<u>\$4,849,321</u>

Changes in capital assets from the prior year resulted from additions and depreciation.

Debt

At June 30, 2004, the School District had a tax anticipation notes outstanding of \$280,000. The note was issued for school building improvements. For additional information on debt, see Note 13 to the basic financial statements.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brett Butler, Treasurer at Scioto County Joint Vocational School District, PO Box 766, Lucasville, Ohio 45648.

Scioto County Joint Vocational School District
Statement of Net Assets
June 30,2004

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,305,677
Accounts Receivable	359,586
Intergovernmental Receivable	176,665
Property Taxes Receivable	2,965,085
Restricted Assets:	
Cash and Cash Equivalents with Escrow Agents	405,154
Nondepreciable Capital Assets	33,852
Depreciable Capital Assets, Net	4,546,499
<i>Total Assets</i>	13,792,518
Liabilities	
Accounts Payable	55,368
Accrued Wages and Benefits Payable	447,076
Notes Payable	280,000
Deferred Revenue	2,451,505
Intergovernmental Payable	165,963
Long-Term Liabilities:	
Due Within One Year	95,306
Due In More Than One Year	467,706
<i>Total Liabilities</i>	3,962,924
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,549,864
Restricted for:	
Capital Projects	1,288,050
Other Purposes	565,007
Set Asides	405,154
Unrestricted	3,021,519
<i>Total Net Assets</i>	\$9,829,594

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		
Governmental Activities					
Instruction:					
Regular	\$241,683	\$0	\$0	\$0	(\$241,683)
Special	57,476	1,317	135,659	0	79,500
Vocational	4,880,348	293,584	575,642	0	(4,011,122)
Support Services:					
Pupil	4,783,729	460,539	1,114,209	0	(3,208,981)
Instructional Staff	275,308	9,769	11,708	10,969	(242,862)
Board of Education	8,885	240	0	0	(8,645)
Administration	1,199,139	63,794	117,080	0	(1,018,265)
Fiscal	347,583	9,986	7,805	25,515	(304,277)
Operation and Maintenance of Plant	822,950	23,996	17,562	5,167	(776,225)
Pupil Transportation	5,131	0	0	0	(5,131)
Central	245,216	19,172	42,929	0	(183,115)
Operation of Non-Instructional					
Services	260,010	26,062	64,394	0	(169,554)
Extracurricular Activities	42,605	958	0	0	(41,647)
Interest and Fiscal Charges	31,113	120	0	37,834	6,841
Totals	\$13,201,176	\$909,537	\$2,086,988	\$79,485	(10,125,166)
General Revenues					
Property Taxes Levied for:					
General Purposes					1,818,604
Permanent Improvements					564,530
Grants and Entitlements not Restricted					
to Specific Programs					3,285,297
Gifts and Donations not Restricted					
to Specific Programs					1,326
Investment Earnings					32,445
Miscellaneous					824,589
<i>Total General Revenues</i>					<u>6,526,791</u>
<i>Change in Net Assets</i>					(3,598,375)
<i>Net Assets Beginning of Year - See Note 21</i>					<u>13,427,969</u>
<i>Net Assets End of Year</i>					<u><u>\$9,829,594</u></u>

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
Balance Sheet
Governmental Funds
June 30,2004

	General	Permanent Improvement	Adult Education	Miscellaneous Federal Grant	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$3,239,821	\$1,453,578	\$549,892	\$8,454	\$53,932	\$5,305,677
Receivables:						
Property Taxes	2,271,694	693,391	0	0	0	2,965,085
Accounts	102,884	0	256,702	0	0	359,586
Interfund	224,629	0	0	0	0	224,629
Intergovernmental	0	0	0	40,290	136,375	176,665
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	405,154	0	0	0	0	405,154
Total Assets	\$6,244,182	\$2,146,969	\$806,594	\$48,744	\$190,307	\$9,436,796
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$8,015	\$0	\$14,992	\$20,592	\$11,769	\$55,368
Accrued Wages and Benefits Payable	393,839	0	25,424	0	27,813	447,076
Interfund Payable	0	10,562	12,896	6,067	195,104	224,629
Notes Payable	0	280,000	0	0	0	280,000
Intergovernmental Payable	62,677	0	19,286	147	3,545	85,655
Deferred Revenue	2,039,841	619,447	0	0	5,410	2,664,698
Total Liabilities	2,504,372	910,009	72,598	26,806	243,641	3,757,426
Fund Balances						
Reserved for Encumbrances	35,383	10,562	24,941	6,498	6,560	83,944
Reserved for Property Taxes	96,074	31,662	0	0	0	127,736
Reserved for Capital Improvements	405,154	0	0	0	0	405,154
Unreserved, Undesignated, Reported in:						
General Fund	3,203,199	0	0	0	0	3,203,199
Special Revenue Funds	0	0	709,055	15,440	(59,894)	664,601
Capital Projects Funds	0	1,194,736	0	0	0	1,194,736
Total Fund Balances	3,739,810	1,236,960	733,996	21,938	(53,334)	5,679,370
Total Liabilities and Fund Balances	\$6,244,182	\$2,146,969	\$806,594	\$48,744	\$190,307	\$9,436,796

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2004*

Total Governmental Fund Balances \$ 5,679,370

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 4,580,351

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

Taxes	207,783	
Intergovernmental	5,410	

Total		213,193
-------	--	---------

Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds (80,308)

Long-Term Liabilities, including bonds, capital lease obligations, long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	(532,525)	
Capital Lease Obligations	(30,487)	

Total		(563,012)
-------	--	-----------

Net Assets of Governmental Activities \$ 9,829,594

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Permanent Improvement	Adult Education	Miscellaneous Federal Grant	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$1,819,970	\$564,138	\$0	\$0	\$0	\$2,384,108
Intergovernmental	3,420,956	79,485	1,249,015	3,975,861	1,050,322	9,775,639
Investment Earnings	32,134	0	0	0	311	32,445
Charges for Services	5,356	0	0	0	61,713	67,069
Tuition and Fees	98,457	0	728,054	0	0	826,511
Extracurricular Activities	15,797	0	0	0	0	15,797
Gifts and Donations	0	0	0	0	1,326	1,326
Miscellaneous	360,768	1,671	446,006	0	16,304	824,749
<i>Total Revenues</i>	<u>5,753,438</u>	<u>645,294</u>	<u>2,423,075</u>	<u>3,975,861</u>	<u>1,129,976</u>	<u>13,927,644</u>
Expenditures						
Current:						
Instruction:						
Special	52,211	0	0	0	0	52,211
Vocational	2,743,472	0	1,558,643	2,120	683,432	4,987,667
Support Services:						
Pupil	419,460	0	53,266	4,169,769	148,988	4,791,483
Instructional Staff	238,992	0	0	1,544	51,174	291,710
Board of Education	9,090	0	0	0	0	9,090
Administration	619,847	0	455,608	0	16,346	1,091,801
Fiscal	296,120	12,875	0	0	29,872	338,867
Operation and Maintenance of Plant	729,141	2,590	18,209	48,721	0	798,661
Pupil Transportation	2,458	0	0	0	0	2,458
Central	71,622	0	81,070	0	76,684	229,376
Operation of Non-Instructional Services	0	0	0	0	249,394	249,394
Extracurricular Activities	42,591	0	0	0	0	42,591
Capital Outlay	811	0	0	0	0	811
Debt Service:						
Principal	13,013	0	0	0	130,000	143,013
Interest and Fiscal Charges	3,953	19,100	0	0	8,060	31,113
<i>Total Expenditures</i>	<u>5,242,781</u>	<u>34,565</u>	<u>2,166,796</u>	<u>4,222,154</u>	<u>1,393,950</u>	<u>13,060,246</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>510,657</u>	<u>610,729</u>	<u>256,279</u>	<u>(246,293)</u>	<u>(263,974)</u>	<u>867,398</u>
Other Financing Sources						
Operating Transfers In	0	0	0	0	177,947	177,947
Operating Transfers Out	(39,887)	(138,060)	0	0	0	(177,947)
<i>Total Other Financing Sources</i>	<u>(39,887)</u>	<u>(138,060)</u>	<u>0</u>	<u>0</u>	<u>177,947</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>470,770</u>	<u>472,669</u>	<u>256,279</u>	<u>(246,293)</u>	<u>(86,027)</u>	<u>867,398</u>
<i>Fund Balances Beginning of Year - Restated (See Note 21)</i>	<u>3,269,040</u>	<u>764,291</u>	<u>477,717</u>	<u>268,231</u>	<u>32,693</u>	<u>4,811,972</u>
<i>Fund Balances End of Year</i>	<u>\$3,739,810</u>	<u>\$1,236,960</u>	<u>\$733,996</u>	<u>\$21,938</u>	<u>(\$53,334)</u>	<u>\$5,679,370</u>

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
*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, 2004*

Net Change in Fund Balances - Total Governmental Funds \$ 867,398

**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. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Asset Additions	156,601	
Current Year Depreciation	(425,571)	
Total		(268,970)

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

Taxes	(974)	
Intergovernmental	(4,323,869)	
Total		(4,324,843)

Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

130,000

Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net assets and does not result in an expense in the statement of activities.

13,013

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in Compensated Absences	(17,370)	
Decrease in Intergovernmental Payable	2,397	

Total		(14,973)
-------	--	----------

Net Change in Net Assets of Governmental Activities \$ (3,598,375)

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 6,566,686	\$ 6,115,829	\$ 5,822,792	\$ (293,037)
Total Expenditures and Other Uses	5,350,375	5,879,698	5,578,039	301,659
Net Change in Fund Balance	1,216,311	236,131	244,753	8,622
Fund Balance, July 1, 2003	3,344,942	3,344,942	3,344,942	-
Prior Year Encumbrances Appropriated	18,227	18,227	18,227	-
Fund Balance, June 30, 2004	<u>\$ 4,579,480</u>	<u>\$ 3,599,300</u>	<u>\$ 3,607,922</u>	<u>\$ 8,622</u>

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
Adult Education Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 1,973,815	\$ 3,293,571	\$ 2,432,001	\$ (861,570)
Total Expenditures and Other Uses	2,268,921	2,848,519	2,242,344	606,175
Net Change in Fund Balance	(295,106)	445,052	189,657	(255,395)
Fund Balance, July 1, 2003	275,886	275,886	275,886	-
Prior Year Encumbrances Appropriated	47,271	47,271	47,271	-
Fund Balance, June 30, 2004	<u>\$ 28,051</u>	<u>\$ 768,209</u>	<u>\$ 512,814</u>	<u>\$ (255,395)</u>

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
Miscellaneous Federal Grant Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 4,171,843	\$ 4,422,930	\$ 3,976,638	\$ (446,292)
Total Expenditures and Other Uses	4,602,358	4,728,588	4,281,082	447,506
Net Change in Fund Balance	(430,515)	(305,658)	(304,444)	1,214
Fund Balance, July 1, 2003	190,504	190,504	190,504	-
Prior Year Encumbrances Appropriated	115,479	115,479	115,479	-
Fund Balance, June 30, 2004	<u>\$ (124,532)</u>	<u>\$ 325</u>	<u>\$ 1,539</u>	<u>\$ 1,214</u>

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2004

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$15,492</u>
Total Assets	<u><u>15,492</u></u>
Liabilities	
Undistributed Monies	<u>15,492</u>
Total Liabilities	<u><u>\$15,492</u></u>

See accompanying notes to the basic financial statements

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Scioto County Joint Vocational School (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District is a discretely presented component unit of South Central Ohio Educational Service Center (the Service Center), a legally separate body politic. Three out of five board members of the Scioto County Joint Vocational School District are also board members of the Service Center. The Joint Vocational School is responsible for levying taxes, approving its own budgets, appointing personnel, and accounting and financing related activities.

The School District was established in 1971 through the consolidation of existing land areas and school districts. The School District serves the entire Scioto County area. It is located in Lucasville, Ohio. It is staffed by 27 non-certificated employees, 59 certificated full-time teaching personnel and 10 administrative employees who provide services to 425 students and other community members. The School District currently operates 3 instructional buildings and 1 garage.

Reporting Entity:

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

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

The School District is associated with three organizations, of which two are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are the South Central Ohio Computer Association (SCOCA), Scioto County Regional Council of Governments and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Scioto County Joint Vocational School District 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or after November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District's functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

General Fund

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

Permanent Improvement

The Permanent Improvement Fund is used to account for the all transactions related to the acquiring, constructing, or improving of such permanent improvements.

Adult Education

The Adult Education Fund is used to account for all revenues and expenditures related to the provision of credit and noncredit classes to the community.

Miscellaneous Federal Grant

The Miscellaneous Federal Grant Fund is used to account for various monies received through state agencies from the federal government which are not classified elsewhere. The Scioto County Joint Vocational School District utilizes this fund to account for the 21st Century Grant.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The School District's only fiduciary funds are agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School Districts own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The District's only agency funds are those used to account for student-managed activities.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program 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 School District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of 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. Fiduciary funds are reported by fund type.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

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. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 School District, available means expected to be received within sixty days of fiscal year end.

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

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

All funds, other than the agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2004.

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

Encumbrances

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements. Encumbrances are reported as part of expenditures/expenses on a non-GAAP budgetary basis in the budgetary statements.

Cash and Cash Equivalents

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

During fiscal year 2004, investments were limited to repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. All reported capital assets except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives; Land Improvements 5 years, Buildings and Improvements 50 years, furniture and equipment 8-20 years, vehicles 10-15 years and textbooks 5-15 years.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the 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 "matured compensated absences payable" in the fund from which the employee will be paid.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits 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 in the current year. Bonds and capital leases are recognized as a liability on the government-wide financial statements when due.

Net Assets

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

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

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, property taxes and capital improvements. The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriations under State statute.

Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a capital maintenance reserve. This reserve is required by State statute. See note 20 for additional information regarding set asides.

Estimates

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Accountability

At June 30, 2004, the Food Service, Management Information Systems, Career Development, Vocational Education, Chapter 2, Drug Free Schools, and Improving Teacher Quality Special Revenue Funds had deficit fund balances of \$736, \$1,420, \$1,402, \$63,484, \$4,183, \$2,216 and \$375 respectively. Deficits were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) – General Fund, Adult Education and Miscellaneous Federal Grant Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund, the Adult Education and Miscellaneous Federal Grant Special Revenue Funds:

Net Change in Fund Balance

	General	Adult Education	Miscellaneous Federal Grant
GAAP Basis	\$470,770	\$256,279	(\$246,293)
Revenue Accruals	69,354	8,926	777
Expenditure Accruals	(258,318)	(38,471)	(52,013)
Encumbrances	(37,053)	(37,077)	(6,915)
Budget Basis	\$244,753	\$189,657	(\$304,444)

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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.

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

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or 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;

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain Banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

Cash on Hand At year end, the School District had \$160 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

Deposits At year end, the carrying amount of the School District's deposits was \$1,350,163 and the bank balance was \$1,508,967. Of the bank balance:

1. \$100,522 was covered by federal depository insurance; and
2. \$1,408,445 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	Category 3	Carrying Amount	Fair Value
Investments:			
Repurchase Agreements	\$4,376,000	\$4,376,000	\$4,376,000
Total Investments	\$4,376,000	\$4,376,000	\$4,376,000

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$5,726,323	\$0
Cash on Hand	(160)	0
Investments:		
Repurchase Agreements	(4,376,000)	4,376,000
GASB Statement 3	\$1,350,163	\$4,376,000

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 6 - PROPERTY TAXES (continued)

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations.

The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2004, was \$96,074 in the General Fund and \$31,662 in the Permanent Improvement Capital Projects Fund.

The assessed values upon which fiscal year 2004 taxes were collected are:

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$617,723,710	78.80%	\$627,183,330	79.92%
Public Utility	77,037,610	9.82%	72,166,520	9.19%
Tangible Personal Property	89,188,780	11.38%	85,448,328	10.89%
Total Assessed Value	\$783,950,100	100.00%	\$784,798,178	100.00%
Tax rate per \$1,000 of assessed valuation	\$5.37		\$5.37	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2004, consisted of property taxes and accounts (rent, billings for user charged services, and student fees) and intergovernmental grants. 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 fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Major Funds

Miscellaneous Federal Grant \$ 40,290

Non-major Funds

Improving Teacher Quality 2,393

Drug Free Schools 787

Title V 2,230

Food Service 9,358

Carl Perkins 121,607

Total Non-Major Funds 136,375

Total All Funds \$176,665

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 8 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2004, was as follows:

	*Restated Ending Balance 6/30/2003	Additions	Deletions	Ending Balance 6/30/2004
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$33,852	\$0	\$0	\$33,852
Total Capital Assets, Not Being Depreciated	33,852	0	0	33,852
Capital Assets Being Depreciated				
Land Improvements	567,834	0	0	567,834
Buildings and Improvements	3,810,965	0	0	3,810,965
Furniture and Equipment	3,240,466	156,601	0	3,397,067
Vehicles	107,200	0	0	107,200
Textbooks	292,612	0	0	292,612
Total Capital Assets Being Depreciated	8,019,077	156,601	0	8,175,678
Less: Accumulated Depreciation:				
Land Improvements	(567,834)	0	0	(567,834)
Buildings and Improvements	(684,981)	(171,245)	0	(856,226)
Furniture and Equipment	(1,847,718)	(225,858)	0	(2,073,576)
Vehicles	(7,985)	(4,695)	0	(12,680)
Textbooks	(95,090)	(23,773)	0	(118,863)
Total Accumulated Depreciation	(3,203,608)	(425,571)	0	(3,629,179)
Total Capital Assets Being Depreciated, Net	4,815,469	(268,970)	0	4,546,499
Governmental Capital Assets, Net	\$4,849,321	(\$268,970)	\$0	\$4,580,351

* As Restated, See Note 21 to the basic financial statements.

Depreciation expense was charged to government functions as follows:

Instruction:	
Regular	\$264,283
Special	84
Vocational	105,389
Support Services:	
Pupil	8,914
Instructional Staff	3,848
Administration	16,510
Fiscal	6,610
Operation and Maintenance of Plant	9,663
Pupil Transportation	2,673
Non-Instructional Services	7,597
Total Depreciation Expense	\$425,571

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the School District contracted with Nationwide Mutual Insurance Company for property and fleet insurance and liability insurance. Coverages provided by Nationwide Mutual Insurance Company are as follows:

Building and Contents-replacement cost (\$25,000 deductible)	\$16,890,141
Boiler and Machinery (\$25,000 deductible)	No limit
Automobile Liability (\$100 deductible)	100,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

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

For fiscal year 2004, the School District participated in the Ohio School Boards Association Workers' Compensation Group Grating Program (the Plan), an insurance purchasing pool (Note 15). The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Plan.

A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

The School District is a member of the Scioto County Regional Council of Governments, a public entity risk pool (Note 16), consisting of school districts within the county offering medical and dental insurance to their employees. Monthly premiums are paid to the Scioto County Educational Service Center as fiscal agent, who in turns pays the claims on the School District's behalf.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3309 of the Ohio Revised Code establishes benefits. SERS issues a publicly available, stand alone report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

A. School Employees Retirement System (continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions to SERS for the fiscal years ending June 30, 2002, 2003 and 2004 were \$52,443, \$64,331, and \$98,655 respectively, 61 percent has been contributed for fiscal year 2004, and 100 percent for the fiscal years 2003 and 2002. \$38,207 representing the unpaid contribution for fiscal year 2004, is recorded as a liability in the respective funds and in the statement of activities.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3307 of the Ohio Revised Code establishes benefits. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614)227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions in to the DC plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

The DB Plan Benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

The DC Plan Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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 lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designed beneficiary is entitled to receive the member's account balance.

Member contributions for the Combined Plan Benefits are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (SRP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase or a lump-sum payment in addition to the original retirement allowance.

Benefits are increased annually by 3% of the original base amount.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit 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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

For fiscal year 2003 plan members were required to contribute 10% of their annual covered salary and the School District was required to contribute 14%; 13% was the portion allocated to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2003, and 2004 were \$404,053, \$485,257, and \$379,512 respectively; 92% has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. \$29,309 represents the unpaid contribution for fiscal year 2004 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2004, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$31,407 for fiscal year 2004.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004 the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$24,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$63,269.

The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 were \$223,443,805 and the target level was \$335.6 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers do not earn vacation time. 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 150 days for all personnel. Upon retirement, payment is made for thirty percent of accrued, but unused sick leave credit to a maximum of 45 days for classified employees and 45 days for certified employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 13 - LONG-TERM OBLIGATIONS

Scioto County JVS Energy Conservation Loan - On December 1, 1995, Scioto County Joint Vocational School District issued \$1,200,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for an eight year period with final maturity during fiscal year 2004. The debt will be retired from property taxes.

The changes in the School District's long-term obligations during fiscal year 2004 were as follows:

	Principal Outstanding 6/30/03	Additions	Deductions	Principal Outstanding 6/30/04	Due in One Year
Energy Conservation Loan 1994 6.20%	\$130,000	\$0	\$130,000	\$0	\$0
Total Long-Term Loans	130,000	0	130,000	0	0
Capital Lease	43,500	0	13,013	30,487	14,447
Compensated Absences*	515,155	532,525	515,155	532,525	80,859
Total General Long-Term Obligations	<u>\$688,655</u>	<u>\$532,525</u>	<u>\$658,168</u>	<u>\$563,012</u>	<u>\$95,306</u>

* As Restated, See Note 21 to the basic financial statements.

The School District's voted legal debt margin was \$70,631,836 with an unvoted debt margin of \$784,798 at June 30, 2004.

NOTE 14 – NOTES PAYABLE

Debt outstanding on June 30, 2004 consisted of the following:

Date of Issue	Interest Rate	Maturity Date	Balance 07/01/03	Additions	Deletions	Balance 06/30/2004
07/07/1999	5.59%	10/01/04	\$560,000	0	\$280,000	\$280,000

Outstanding Tax Anticipation Notes were issued for school building improvements. Tax Anticipation Notes are direct obligations of the District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District.

A summary of the District's future amortization of debt funding requirements as of June 30, 2004, follows:

Year of Funding	Principal	Interest	Total
2005	\$280,000	\$7,826	\$287,826

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 15 - GROUP PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program (WCGRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the program.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, and Lawrence 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 among member school districts.

The governing board of SCOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid SCOCA \$21,728 for services provided during the year. Financial information can be obtained from the Pike County JVS, Piketon, Ohio 45661.

Scioto County Regional Council of Governments - The Scioto County Regional Council of Governments, a public entity risk pool, currently operates to provide health insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Several Scioto County school districts have entered into an agreement with the Scioto County Educational Service Center to form the Scioto County Regional Council of Governments. The overall objectives of the council are to formulate and administer a program of health insurance for the benefit of the council members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Scioto County Regional Council of Governments, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Directors, consisting of superintendents from the participating school districts.

Accordingly, the Scioto County Regional Council of Governments is not part of the District and its operations are not included as part of the reporting entity. To obtain financial information, write to the Scioto County Educational Service Center at Fourth and Court Streets, Portsmouth, Ohio 45662.

NOTE 17 - STATE SCHOOL FUNDING DECISION

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

On March 4, 2003, the Plaintiffs filed a motion with the Common Pleas Court of Perry County requesting that such Court schedule and conduct a conference to address the State's compliance with the orders of such Court and the Supreme Court. On May 16, 2003, the Ohio Supreme Court granted a Writ of Prohibition as filed by the State and ordered the Common Pleas Court of Perry County to dismiss the motion for a compliance conference. The Ohio Supreme Court further stated again its ruling made on December 11, 2002.

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

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 18 - CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

NOTE 19 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior fiscal year the School District entered into leases for a copier and computers. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the statement of net assets for governmental activities for \$43,500. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was also recorded in the statement of net assets. Principal payments in fiscal year 2004 totaled \$13,013 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2004:

Year Ending <u>June 30,</u>	Long-Term <u>Debt</u>
2005	\$ 19,966
2006	<u>19,966</u>
Total Minimum Lease Payments	39,932
Less: Amount Representing Interest	<u>(9,445)</u>
Present Value of Minimum Lease Payments	<u>\$ 30,487</u>

NOTE 20 - STATUTORY RESERVES

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

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 20 - STATUTORY RESERVES (continued)

The following information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbook Reserve	Capital Maintenance Reserve
Cash Balance 07/01/2003	\$0	\$338,433
Current Year Set-Aside Requirement	66,721	66,721
Prior Year Carryover	(1,058,558)	0
Qualifying Expenditures	(604,014)	0
Balance Carried Forward to FY 2005	\$(1,595,851)	\$405,154
Set Aside Reserve Cash Balance as of June 30, 2004	\$0	\$405,154

The School District had offset and qualifying disbursements during the year that reduced the set-aside amounts below zero in the Textbooks Reserve, these extra amounts may be carried forward and used to reduce the set-aside requirements of future years.

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For the fiscal year 2004, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures” and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements”, GASB Statement No. 41, “Budgetary Comparison Schedules – Perspective Differences.” GASB Statement No. 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on accrual basis of accounting and fund financial statements which present information by major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The School District has also implemented Governmental Accounting Standards Board (GASB) Statement No.39, “Determining Whether Certain Organizations are Component Units.” GASB Statement No. 39 is an amendment to GASB Statement No. 14 and provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationships with the primary government. This Statement had no effect on the School District for fiscal year ended June 30, 2004.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general fund and each major special revenue fund. This Statement had no effect on the budgetary presentation of the Scioto County Joint Vocational School District.

Restatements: Restatements were made to reclassify the Food Service and Adult Education activity previously reported as enterprise funds on the modified basis. Accounting errors regarding deferred revenue and inventory were also restated from the prior year.

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE (continued)

The implementation of the Statements requires certain adjustments be recorded to the June 30, 2003, fund balances of Major and Non-Major funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General	Permanent Improvements	Adult Education	Misc. Federal Grant	Non- Major	Total
Fund Balances, June 30, 2003	\$3,503,158	\$764,291	\$0	\$268,231	\$49,419	\$4,585,099
Fund Reclassification Restatement	0	0	456,614	0	62,266	518,880
Restatement Amount	(234,118)	0	21,103	0	(78,992)	(292,007)
Restated Fund Balances, June 30, 2003	\$3,269,040	\$764,291	\$477,717	\$268,231	\$32,693	\$4,811,972
 Adjustments to Comply with GASB 34:						
Capital Assets						4,849,321
Debt						(130,000)
Compensated Absences						(515,155)
Intergovernmental Payables						(82,705)
Deferred Revenue						4,538,036
Capital Leases Payable						(43,500)
Governmental Activities Net Assets June 30, 2003						\$13,427,969

	Enterprise
Balance, June 30, 2003	\$518,880
Fund Reclassification Restatement (-Food Service)	(62,266)
Fund Reclassification Restatement (Adult Education)	(456,614)
Balance, July 1, 2003	\$0

NOTE 22-INTERFUND ACTIVITY

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

	Transfer In	Transfer Out
General	\$ 0	\$ 39,887
Permanent Improvement	0	138,060
 <i>Non-Major Funds</i>		
Food Service	39,536	0
Improving Teacher Quality	351	0
Debt Service	138,060	0
 Total All Funds	 \$ 177,947	 \$177,947

Scioto County Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

NOTE 22-INTERFUND ACTIVITY (continued)

As of June 30, 2004, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payables</u>
General Fund	\$224,629	\$0
Permanent Improvement	0	10,562
Adult Education	0	12,896
Misc. Federal Grant	<u>0</u>	<u>6,067</u>
 Total Major Funds	 224,629	 29,525
 <i>Non-Major Funds:</i>		
Career Development	0	4,633
Management Info. Systems	0	4,000
Career Development	0	17,367
Vocational Education	0	27
Improving Teacher Quality	0	380
Drug Free Schools	0	2,216
Chapter 2	0	4,184
Misc. State Grant	<u>0</u>	<u>162,297</u>
<i>Total Non-Major Funds</i>	<u>0</u>	<u>195,104</u>
 Total All Funds	 <u>\$224,629</u>	 <u>\$224,629</u>

During the year, the District's General Fund made advances to other funds in anticipation of intergovernmental grant revenue.

Scioto County Joint Vocational School District
Scioto County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2004

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	NA	10.550	\$0	\$24,542	\$0	\$24,542
National School Breakfast Program	05-PU 2003	10.553	51,584	0	51,584	0
National School Lunch Program	LL-P4/VG-S1 2003	10.555	77,409	0	77,409	0
Total - Nutrition Cluster			128,993	24,542	128,993	24,542
Team Nutrition Grant	NA	10.574	2,000	0	2,000	0
Total United States Department of Agriculture			130,993	24,542	130,993	24,542
United States Department of Labor						
<i>Direct from the Federal Government</i>						
Public Assistance Grant Program	N	17.258	37,103	0	0	0
Appalachian Regional Commission						
<i>Direct from the Federal Government</i>						
Appalachian Vocational & Other Educational Facilities and Operations	D1-03 2001	23.012	0	0	19	0
United States Department of Education						
<i>Direct from the Federal Government</i>						
<i>Student Financial Aid Cluster:</i>						
Federal Pell Grant Program	N	84.063	453,629	0	453,538	0
Family Federal Education Loans	N	84.032	0	495,165	0	495,165
Total Student Financial Aid Cluster			453,629	495,165	453,538	495,165
21st Century Community Learning Centers	N	84.287	3,918,176	0	4,222,531	0
Rural Education	N	84.358	50,393	0	51,633	0
<i>Passed through the Ohio Department of Education</i>						
VOCED Basic Grant	20-C2 2003	84.048	263,896	0	469,038	0
Safe & Drug Free Schools and Communities	DR-S1 2003	84.186	1,095	0	960	0
Eisenhower Professional Development Grant	MS-S1 2002	84.281	0	0	2,109	0
State Grants for Innovative Programs	C2-S1 2003	84.298	2,705	0	0	0
Improving Teacher Quality	TR-S1 2003	84.367	2,830	0	900	0
Total United States Department of Education			4,692,724	495,165	5,200,709	495,165
Total Federal Financial Assistance			\$4,860,820	\$519,707	\$5,331,702	\$519,707

NA - Pass Through Entity Number is Not Available

N - Direct from the Federal Government

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**SCIOTO COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

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

NOTE C – GUARANTEED STUDENT LOANS

Nonmonetary assistance is reported in the schedule at the dollar amount of the guaranteed student loans disbursed.

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards*

Members of the Board
Scioto County Joint Vocational School District
P.O. Box 766
Lucasville, Ohio 45648

To the Board of Education:

We have audited the financial statements of the Scioto County Joint Vocational School, Scioto County, Ohio (the District), a component unit of the South Central Ohio Educational Service Center as of and for the year ended June 30, 2004 and have issued our report thereon dated February 2, 2005, wherein we noted the District adopted Governmental Accounting Standards Board Statement numbers 34, 37, 38, and Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the District's management in a separate letter dated February 2, 2005.

Scioto County Joint Vocational School District
Scioto County
Report in Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit Performed in Accordance with
Government Auditing Standards

Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

February 2, 2005

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Members of the Board
Scioto County Joint Vocational School District
P.O. Box 766
Lucasville, Ohio 45648

Compliance

We have audited the compliance of Scioto County Joint Vocational School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

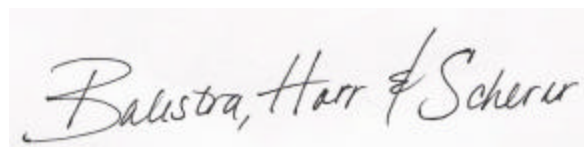
In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004. However, we noted a certain immaterial instance of noncompliance that we have reported to the District's management in a separate letter dated February 2, 2005.

Internal Control Over Compliance

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

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

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



Balestra, Harr & Scherer, CPAs, Inc.

February 2, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

SCIOTO COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2004

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.287 21 ST Century Grant CFDA #84.063 & 84.032 Student Financial Aid Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

SCIOTO COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2004

**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

**SCIOTO COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
J U N E 30, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-1	Ohio Rev. Code Section 5705.41(D) – expenditures exceeded estimated resources	No	Not Corrected. See current management letter comment.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

SCIOTO COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 5, 2005**