



**SPRINGFIELD-CLARK COUNTY
JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet – All Fund Types and Account Groups - As of June 30, 2001	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types and Expendable Trust Fund - Year Ended June 30, 2001	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – All Governmental Fund Types and Expendable Trust Fund - Year Ended June 30, 2001	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings Proprietary Fund Type - Year Ended June 30, 2001	10
Combined Statement of Cash Flows – Proprietary Fund Type - Year Ended June 30, 2001	11
Combined Statement of Revenues, Expenses and Changes in Fund Equity – Budget and Actual (Budget Basis) – Proprietary Fund Type Year Ended June 30, 2001	12
Notes to the General Purpose Financial Statements	13
Schedule of Federal Awards Receipts and Expenditures For the Year Ended June 30, 2001	42
Notes to the Schedule of Federal Awards Receipts and Expenditures	43
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	45
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	47
Schedule of Findings	49
Schedule of Prior Audit Findings	53

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Springfield Clark Joint Vocational School District
Clark County
1901 Selma Road
Springfield, Ohio 45505-4295

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Springfield Clark Joint Vocational School District, Clark County, (the District) as of and for the year ended June 30, 2001. These general-purpose financial statements are the responsibility of District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

As disclosed in Note 9, the general-purpose financial statements referred to above do not include the General Fixed Asset Account Group, or fixed assets, accumulated depreciation, and depreciation expense for the proprietary fund type which should be included in order to conform with accounting principles generally accepted in the United States of America. The effects of these omissions on the financial statements are not reasonably determinable.

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Springfield Clark Joint Vocational School District, Clark County, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

February 27, 2002

This page intentionally left blank.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
As of June 30, 2001**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits:			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,013,421	\$231,822	\$143,998
Receivables:			
Taxes	5,014,870		
Accounts	1,519		
Intergovernmental	77,550	94,311	
Interfund	239,013		
Prepaid Items	11,877		
Inventory of Supplies and Materials	63,951		
Inventory Held for Resale			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	29,221		
Other Debits:			
Amount to be Provided for Retirement of General Long-Term Obligations			
Total Assets and Other Debits	6,451,422	326,133	143,998
Liabilities, Fund Equity and Other Credits:			
Liabilities:			
Accounts Payable	105,236	39,356	
Accrued Wages and Benefits	576,039	6,649	
Compensated Absences Payable	15,559	2,008	
Intergovernmental Payable	211,837	4,840	
Interfund Payable		85,427	3,602
Deferred Revenue	4,550,903	81,959	
Undistributed Monies			
Capital Lease Payable			
Energy Conservation Loan Payable			
School Facilities Loan Payable			
Total Liabilities	5,459,574	220,239	3,602
Fund Equity and Other Credits:			
Retained Earnings:			
Unreserved			
Fund Balance:			
Reserved for:			
Encumbrances	192,216	67,454	5,995
Inventory of Supplies and Materials	63,951		
Property Taxes	463,967		
Budget Stabilization	29,221		
Unreserved			
Unreserved, Undesignated	242,493	38,440	134,401
Total Fund Equity and Other Credits	991,848	105,894	140,396
Total Liabilities, Fund Equity and Other Credits	\$6,451,422	\$326,133	\$143,998

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>	<u>Account Group</u>	<u>Total</u>
<u>Enterprise</u>	<u>Trust and Agency</u>	<u>General Fixed Asset</u>	<u>General Long-Term Obligation</u>	<u>(Memorandum Only)</u>
\$126,043	\$45,046			\$1,560,330
				5,014,870
6,735				8,254
				171,861
				239,013
				11,877
130				64,081
2,305				2,305
				29,221
			<u>\$2,127,804</u>	<u>2,127,804</u>
<u>135,213</u>	<u>45,046</u>	<u>0</u>	<u>2,127,804</u>	<u>9,229,616</u>
39,183	929			184,704
6,774				589,462
34,980			450,752	503,299
55,635			83,140	355,452
149,984				239,013
689				4,633,551
	40,230			40,230
			85,218	85,218
			973,000	973,000
			<u>535,694</u>	<u>535,694</u>
<u>287,245</u>	<u>41,159</u>		<u>2,127,804</u>	<u>8,139,623</u>
(152,032)				(152,032)
				265,665
				63,951
				463,967
				29,221
	3,887			419,221
<u>(152,032)</u>	<u>3,887</u>			<u>1,089,993</u>
<u>\$135,213</u>	<u>\$45,046</u>	<u>\$0</u>	<u>\$2,127,804</u>	<u>\$9,229,616</u>

SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	TOTAL
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Taxes	\$3,828,042					\$3,828,042
Intergovernmental	3,796,792	799,250		\$8,500		4,604,542
Interest	88,130			4,669		92,799
Tuition and Fees	42,408					42,408
Gifts and Donations					\$2,798	2,798
Miscellaneous	108,711	8,719				117,430
Total Revenues	<u>7,864,083</u>	<u>807,969</u>		<u>13,169</u>	<u>2,798</u>	<u>8,688,019</u>
Expenditures:						
Current:						
Instruction:						
Regular	589,534	384				589,918
Special	219,276					219,276
Vocational	3,747,755	257,230				4,004,985
Adult/Continuing	424	96,159				96,583
Other	1,050					1,050
Support Services:						
Pupils	396,840	201,440				598,280
Instructional Staff	664,161	155,283				819,444
Board of Education	55,990					55,990
Administration	414,567	62,725				477,292
Fiscal	401,850	909				402,759
Business	78,698					78,698
Operation and Maintenance of Plant	1,134,970					1,134,970
Pupil Transportation	36,048					36,048
Central	255,118	122,613			342	378,073
Operation of Non-Instructional Services					462	462
Extracurricular Activities		1,287			1,000	2,287
Capital Outlay				584,171		584,171
Debit Service:						
Principal Retirement	228,558		\$67,477			296,035
Interest and Fiscal Charges	62,177					62,177
Total Expenditures	<u>8,287,016</u>	<u>898,030</u>	<u>67,477</u>	<u>584,171</u>	<u>1,804</u>	<u>9,838,498</u>
Excess of Revenues Over (Under) Expenditures	<u>(422,933)</u>	<u>(90,061)</u>	<u>(67,477)</u>	<u>(571,002)</u>	<u>994</u>	<u>(1,150,479)</u>
Other Financing Sources (Uses):						
Refunds of Prior Year Expenditures	2,102					2,102
Proceeds from Sale of Fixed Assets	6					6
Proceeds from Issuance of Bonds				715,000		715,000
Operating Transfers In	2,465	9,268	67,477			79,210
Operating Transfers Out	(230,708)					(230,708)
Total Other Financing Sources (Uses)	<u>(226,135)</u>	<u>9,268</u>	<u>67,477</u>	<u>715,000</u>		<u>565,610</u>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(649,068)</u>	<u>(80,793)</u>		<u>143,998</u>	<u>994</u>	<u>(584,869)</u>
Fund Balances, Beginning of Year, as restated	<u>1,647,215</u>	<u>186,687</u>		<u>(3,602)</u>	<u>2,893</u>	<u>1,833,193</u>
Decrease in Reserve for Inventory	<u>(6,299)</u>					<u>(6,299)</u>
Fund Balances, End of Year	<u>\$991,848</u>	<u>\$105,894</u>	<u>\$0</u>	<u>\$140,396</u>	<u>\$3,887</u>	<u>\$1,242,025</u>

See accompanying notes to the general purpose financial statements.

This page intentionally left blank.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue		
	Revised Budget	Actual	Variance: Favorable/ (Unfavorable)	Revised Budget	Actual	Variance: Favorable/ (Unfavorable)
Revenues:						
Taxes	\$4,807,090	\$4,410,697	(\$396,393)			
Intergovernmental	3,832,621	3,719,363	(113,258)		\$907,253	\$907,253
Interest	90,814	88,130	(2,684)			
Tuition and Fees		42,408	42,408			
Gifts and Donations						
Miscellaneous	119,789	109,389	(10,400)		8,718	8,718
Total Revenues	8,850,314	8,369,987	(480,327)		915,971	915,971
Expenditures:						
Current:						
Instruction:						
Regular	408,082	420,703	(12,621)	\$341	384	(43)
Special	216,467	223,162	(6,695)			
Vocational	3,816,581	3,887,971	(71,390)	270,383	299,845	(29,462)
Adult/Continuing	329	329		95,461	107,259	(11,798)
Other	1,050	1,050				
Support Services:						
Pupils	437,035	450,552	(13,517)	220,862	248,160	(27,298)
Instructional Staff	685,289	706,484	(21,195)	167,492	188,194	(20,702)
Board of Education	55,302	57,012	(1,710)			
Administration	416,952	429,847	(12,895)	58,735	65,994	(7,259)
Fiscal	400,024	412,396	(12,372)	809	909	(100)
Business	81,834	84,365	(2,531)			
Operation and Maintenance of Plant	1,209,576	1,246,986	(37,410)			
Pupil Transportation	35,681	36,785	(1,104)			
Central	252,135	259,933	(7,798)	117,775	132,332	(14,557)
Operation of Non-Instructional Services						
Extracurricular Activities				1,145	1,287	(142)
Capital Outlay						
Debt Service:						
Principal Retirement	201,000	201,000				
Interest and Fiscal Charges	48,390	48,390				
Total Expenditures	8,265,727	8,466,965	(201,238)	933,003	1,044,364	(111,361)
Excess of Revenues Over (Under) Expenditures	584,587	(96,978)	(681,565)	(933,003)	(128,393)	804,610
Other Financing Sources (Uses):						
Refunds of Prior Year Expenditures	2,102	2,102				
Proceeds from Sale of Fixed Assets	6	6				
Proceeds from Loans						
Advances In	310,171	310,171			83,249	83,249
Advances Out	(434,691)	(434,691)		(97,028)	(97,028)	
Operating Transfers In	2,465	2,465			9,268	9,268
Operating Transfers Out	(234,335)	(234,335)				
Total Other Financing Sources (Uses)	(354,282)	(354,282)		(97,028)	(4,511)	92,517
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	230,305	(451,260)	(681,565)	(1,030,031)	(132,904)	897,127
Fund Balance, Beginning of Year	1,049,814	1,049,814		106,498	106,498	
Prior Year Encumbrances Appropriated	231,540	231,540		155,387	155,387	
Fund Balance, End of Year	\$1,511,659	\$830,094	(\$681,565)	(\$768,146)	\$128,981	\$897,127

See accompanying notes to the general purpose financial statements.

Debt Service			Capital Projects			Expendable Trust		
Revised Budget	Actual	Variance: Favorable/ (Unfavorable)	Revised Budget	Actual	Variance: Favorable/ (Unfavorable)	Revised Budget	Actual	Variance: Favorable/ (Unfavorable)
				\$15,000	\$15,000			
							\$2,799	\$2,799
				15,000	15,000		2,799	2,799
				5,995	(5,995)			
							\$239	279
							310	310
							1,000	1,000
			\$584,171	584,171				(40)
\$64,476	\$67,477	(\$3,001)						
64,476	67,477	(3,001)	584,171	590,166	(5,995)	1,549	1,589	(40)
(64,476)	(67,477)	(3,001)	(584,171)	(575,166)	9,005	(1,549)	1,210	2,759
			134,293	719,669	585,376			
28,598	67,477	38,879						
28,598	67,477	38,879	134,293	719,669	585,376			
(35,878)		35,878	(449,878)	144,503	594,381	(1,549)	1,210	2,759
						2,893	2,893	
(\$35,878)	\$0	\$35,878	(\$449,878)	\$144,503	\$594,381	\$1,344	\$4,103	\$2,759

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 2001**

	Enterprise
Operating Revenues:	
Sales	\$170,631
Tuition	384,878
Charges for Services	453
Other Revenue	19,451
Total Operating Revenues	575,413
Operating Expenses:	
Salaries	641,943
Fringe Benefits	211,707
Purchased Services	150,376
Supplies and Materials	143,992
Cost of Sales	6,395
Capital Outlay	22,431
Other	129
Total Operating Expenses	1,176,973
Operating Loss	(601,560)
Non-Operating Revenues/(Expenses):	
Interest	1,677
Federal and State Subsidies	285,947
Federal Donated Commodities	3,633
Total Non-Operating Revenues/(Expenses)	291,257
Net Loss Before Operating Transfers	(310,303)
Operating Transfers In	155,726
Operating Transfers Out	(4,228)
Net Loss	(158,805)
Retained Earnings, Beginning of Year	6,773
Retained Deficit, End of Year	\$ (152,032)

See accompanying notes to the general purpose financial statements.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 2001**

	<u>Enterprise</u>
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$576,665
Other Operating Revenues	19,115
Cash Payments for Employee Services and Benefits	(821,276)
Cash Payments to Suppliers for Goods and Services	(303,300)
Other Operating Expenses	<u>(129)</u>
Net Cash Used by Operating Activities	<u>(528,925)</u>
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies	289,851
Advances In	351,442
Advances Out	(213,142)
Operating Transfers from Other Funds	155,726
Operating Transfers to Other Funds	<u>(4,228)</u>
Net Cash Provided by Noncapital Financing Activities	<u>579,649</u>
Cash Flows from Investing Activities:	
Interest	<u>1,677</u>
Net Increase Decrease in Cash and Cash Equivalents	52,401
Cash and Cash Equivalents, Beginning of Year	<u>73,642</u>
Cash and Cash Equivalents, End of Year	<u>\$ 126,043</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating Loss	(601,560)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Donated Commodities Received	3,633
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	20,367
(Increase) Decrease in Supplies Inventory	172
(Increase) Decrease in Inventory Held for Resale	3,246
Increase (Decrease) in Accounts Payable	32,670
Increase (Decrease) in Accrued Wages Payable	(13,327)
Increase (Decrease) in Intergovernmental Payable	20,661
Increase (Decrease) in Deferred Revenue	(484)
Increase (Decrease) in Compensated Absences	<u>5,697</u>
Net Cash Used by Operating Activities	<u><u>(\$528,925)</u></u>

See accompanying notes to the general purpose financial statements.

**SPRINGFIELD-CLARK COUNTY
JOINT VOCATIONAL SCHOOL DISTRICT**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUND TYPE
YEAR ENDED JUNE 30, 2001**

	Enterprise Funds		
	Revised Budget	Actual	Variance: Favorable/ (Unfavorable)
Revenues:			
Sales	\$181,036	\$170,631	(\$10,405)
Tuition and Fees	355,896	405,581	49,685
Charges for Services	453	453	
Interest	1,779	1,677	(102)
Federal and State Subsidies	293,343	289,851	(3,492)
Other Revenues	19,465	19,116	(349)
	<u>851,972</u>	<u>887,309</u>	<u>35,337</u>
Expenses:			
Salaries and Wages	593,603	645,336	(51,733)
Fringe Benefits	168,000	179,432	(11,432)
Purchased Services	179,200	193,777	(14,577)
Materials and Supplies	168,000	175,636	(7,636)
Capital Outlay	11,200	17,731	(6,531)
Other		129	(129)
	<u>1,120,003</u>	<u>1,212,041</u>	<u>(92,038)</u>
Total Expenses			
Excess of Revenues Over (Under) Expenses	<u>(268,031)</u>	<u>(324,732)</u>	<u>(56,701)</u>
Other Financing Sources (Uses):			
Advances In		351,442	351,442
Advances Out	(213,142)	(213,142)	
Operating Transfers In	150,000	155,726	5,726
Operating Transfers Out	(4,228)	(4,228)	
	<u>(67,370)</u>	<u>289,798</u>	<u>357,168</u>
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	<u>(335,401)</u>	<u>(34,934)</u>	<u>300,467</u>
Fund Equity, Beginning of Year	44,265	44,265	
Prior Year Encumbrances Appropriated	<u>24,677</u>	<u>24,677</u>	
Fund Equity, End of Year	<u>\$ (266,459)</u>	<u>\$ 34,008</u>	<u>\$ 300,467</u>

See accompanying notes to the general purpose financial statements.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Springfield-Clark County Joint Vocational School District (the "School District") is a joint vocational school district as defined by Section 3322.28 of the Ohio Revised Code. The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Springfield-Clark County "JVS Plan" was approved by the State Department of Education on April 13, 1964. On May 18, 1964, the Springfield-Clark County Joint Vocational School Board of Education was organized. The Board is comprised of two members of the Springfield City Board of Education and one from the Clark County Educational Service Center. The number of representatives from the City and the Educational Service Center was based on the student population at that time. The City and the Educational Service Center each select who will also serve as members of the board of the School District.

The school systems participating in the School District include: Springfield City, Northeastern Local, Southeastern Local, Clark-Shawnee Local, Mad River-Green Local, Tecumseh Local and Northwestern Local. Each of these districts may send students to the School District, which offers students job training leading to employment upon graduation from high school. Each of the participating may appoint a member from its Board to the Springfield-Clark County Joint Vocational School Board.

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

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

The following entity which performs activities within the School District boundaries for the benefit of its residents is excluded from the accompanying financial statements because the School District is not financially accountable for this entity nor is it fiscally dependent on the School District.

City of Springfield – The city government of Springfield is a separate body politic and corporate. The council is elected independent of any School District relationships and administers the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

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

The School District is associated with one joint venture, three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 18 to the general purpose financial statements. These organizations are:

Joint Venture:

Early Childhood Education Center (the Center)

Jointly Governed Organizations:

Miami Valley Educational Computer Association (MVECA)

Southwestern Ohio Educational Purchasing Council (SOEPC)

Southwestern Ohio Instructional Technology Association (SOITA)

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation – Fund Accounting

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

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

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

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

2. Proprietary Fund Type:

Proprietary funds are used to account for the School Districts ongoing activities which are similar to those found in the private sector. The following is the School Districts proprietary fund type:

Enterprise Funds

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

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund Types:

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

4. Account Group:

To make a clear distinction between long-term obligations related to specific funds and those of a general nature, the following account group is used:

General Long-Term Debt Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

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

The enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The School District does not have any contributed capital. Enterprise funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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 revenues 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 year-end.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income tax, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when first use is 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.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, interfund, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Clark County Budget Commission for rate determination.

2. Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

3. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, two supplemental appropriations were legally enacted, and they were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Encumbrances

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

5. Lapsing of Appropriations

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

D. Cash and Cash Equivalents

To improve cash management, all 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 School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

The School District only invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund and Capital Projects Fund during fiscal year 2001 amounted to \$88,130 and \$4,669, respectively. The General Fund amount includes \$40,026 assigned from other School District funds. The Food Service Enterprise Fund received interest of \$1,677.

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

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory

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

F. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent unexpended revenues restricted for amounts required by state statute to be set-aside by the School District for the acquisition or construction of capital assets and the creation of a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

G. Fixed Assets

The School District has not completed gathering fixed asset information and therefore does not present any fixed asset information on the general purpose financial statements.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements:

- General Fund:
 - State Foundation Program
 - State Property Tax Relief

Non-Reimbursable Grants:

- Special Revenue Funds
 - Economic Education
 - Career Education
 - Vocational Education
 - Teacher Development
 - Education Management Information Systems
 - Adult Basic Education
 - Title II

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants: (Continued)

- Title VI
- Interactive Video Grant
- SchoolNet Professional Development
- A.B.L.E.
- Conflict Management Grant
- High School That Works
- Pell Grant

Reimbursable Grants:

- Proprietary Funds
- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 53 percent of governmental fund revenue during the 2001 fiscal year.

I. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School Districts termination policy. The School District records a liability for accumulated unused sick leave for employees after ten years of current service with the School District.

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

J. Accrued Liabilities and Long-Term Obligations

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

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

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

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

Advances In/Out in the accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) do not equal as the monies advanced into the General Fund were from an Agency fund of the District. Agency funds are not mandated to have an annual budget adopted; therefore, budget statements are not reported.

L. Interfund Assets/Liabilities

Short-term interfund loans are classified as “interfund receivables” and “interfund payables.”

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory of supplies and materials, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. Estimates

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

O. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure is reported in the year in which services are consumed.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Total Columns on General Purpose Financial Statements

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

3. RESTATEMENT OF FUND BALANCE/CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The effect of this change on the excess of revenues and other financing sources over expenditures and the effect on opening fund balances of Special Revenue Fund Type are as follows:

	Excess Previously Reported	Restatement Adjustment	Restated Excess Amounts for the Year Ended June 30, 2000
Special Revenue Fund Type	<u>(\$83,173)</u>	<u>\$99,028</u>	<u>\$15,855</u>
	Fund Balance Reported at June 30, 2000	Restatement Adjustment	Restated Fund Balance at June 30, 2000
Special Revenue Fund Type	<u>\$87,659</u>	<u>\$99,028</u>	<u>\$186,687</u>

4. ACCOUNTABILITY AND COMPLIANCE

The Career Education, Management Information System, Vocational Education Special Revenue Funds, and Adult Education Enterprise Fund had deficit fund balances/retained earnings as of June 30, 2001, of \$11,079, \$9, \$27,806, and \$169,697, respectively. The deficits in the funds were created by the application of generally accepted accounting principles. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is needed, rather than when accruals occur. The deficit in the Adult Education Enterprise Fund is the result of accumulated losses. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficit.

The District was in violation of Ohio Rev. Code Section 5705.41(D), which states that no order or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Several occurrences were found where the fiscal officer's certificate was not obtained prior to obligating the District.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

The District was also in violation of Ohio Rev. Code Section 5705.41(B), which states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Total expenditures exceeded total appropriations on June 30, 2001 for several funds including:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
Vocational Education Grant Fund	\$ 610,557	\$ 669,719	\$ 59,162
Food Service Fund	181,373	210,155	28,782

The District was also in violation of Ohio Rev. Code Section 5705.39, which states that no subdivision is to appropriate money in excess of its total estimated revenue. Total appropriations exceeded estimated revenue on June 30, 2001 for several funds, including:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
Vocational Education Grant Fund	\$ 610,557	\$ 596	\$ 609,961
Permanent Improvement Fund	584,171	134,293	449,878
Adult Education Fund	1,103,227	797,897	305,330

5. BUDGETARY BASIS OF ACCOUNTING

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

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

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

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	(649,068)	(80,793)	143,998	994
Adjustments:				
Revenue Accruals	505,904	108,002	1,831	1
Expenditure Accruals	(179,949)	(146,334)	(5,995)	215
Bond Proceeds	-	-	4,669	-
Advances	(124,520)	(13,779)	-	-
Transfers	<u>(3,627)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budget Basis	<u>(451,260)</u>	<u>(132,904)</u>	<u>144,503</u>	<u>1,210</u>

**Net Loss/Excess of Revenues Under Expenses
Proprietary Fund Type**

	<u>Enterprise</u>
GAAP Basis	(158,805)
Adjustments:	
Revenue Accruals	20,368
Expense Accruals	(35,068)
Donated Commodities	(3,633)
Federal and State Subsidies	3,904
Advances	<u>138,300</u>
Budget Basis	<u>(34,934)</u>

6. DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings accounts, including passbook accounts.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

Inactive monies are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days 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, corporate 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 obligation, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

Cash on Hand: At fiscal year end, the School District had \$1,395 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 fiscal year end, the carrying amount of the School District's deposits was \$1,525,986 and the bank balance was \$1,699,979. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$1,499,979 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 Federal Deposit Insurance Corporation.

Investments: The School Districts investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School Districts name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School Districts name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. STAR Ohio had a fair value of \$62,170 at June 30, 2001.

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 entitled "Reporting Cash Flows of Proprietary and Nonexpendable 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 classification of deposit and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$1,589,551	\$0
Cash on Hand	(1,395)	0
Investment of the Cash Management Pool:		
STAR Ohio	<u>(62,170)</u>	<u>62,170</u>
GASB Statement 3	<u>\$1,525,986</u>	<u>\$ 62,170</u>

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar year 2001 for tangible personal property (other than public utility property) is for calendar year 2001 taxes.

2001 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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

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

Assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second - Half Collections		2001 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,563,114,310	81.00%	\$1,590,789,840	82.00%
Public Utility	131,674,270	7.00	121,340,870	6.00
Tangible Personal Property	<u>229,977,090</u>	<u>12.00</u>	<u>235,803,312</u>	<u>12.00</u>
Total Assessed Value	<u>\$1,924,765,670</u>	<u>100.00%</u>	<u>\$1,947,934,022</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$3.00		\$3.00	

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

7. PROPERTY TAXES (Continued)

The School District receives property taxes from Clark, Miami, Champaign, and Greene Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 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, 2001. 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, 2001, was \$463,967 and is recognized as revenue in the General Fund.

8. RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (student fees), interfund 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:

	Amounts
<u>General Fund:</u>	
Springfield City School District	\$ <u>77,550</u>
<u>Special Revenue Funds:</u>	
Career Development Grant Program	\$ 12,975
Ohio SchoolNet Program	6,029
Adult Workforce Program	3,000
ISO 9000 Grant Program	1,500
CDP Title III – Secondary Program	45,824
CDP Title III – Adult Program	6,323
High School that Work Program	<u>18,660</u>
Total Special Revenue Funds	\$ <u>94,311</u>
Total All Funds	<u>\$171,861</u>

9. FIXED ASSETS

Fixed asset information at June 30, 2001 is not presented. The General Fixed Assets Account Group should have included the buildings, equipment and other assets for use of the District's governmental fund types. The enterprise fund fixed assets should include furniture and equipment and current year depreciation expense and total accumulated depreciation.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

10. RISK MANAGEMENT

A. Property and Liability

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 2001, the School District contracted with Nationwide Insurance Company for general liability and fleet insurance. Property is protected by Consolidated Insurance.

Building and Contents-replacement cost (\$1,000 deductible)	\$14,800,000
Automobile Liability (\$250 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
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 nine years. There have been no significant deductions in insurance coverage from last year.

B. Workers' Compensation

For fiscal year 2001, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participants individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Incorporated provides administrative, cost control, and actuarial services to the GRP.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

1. Plan Description

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

2. Funding Policy

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. 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 required contributions to SERS for the years ended June 30, 2001, 2000, and 1999 were \$161,237, \$154,603, and \$145,442, respectively; 20.66 percent has been contributed for the fiscal year 2001 and 100 percent for fiscal year 2000 and 1999. \$127,923 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), which is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the state or any political subdivision thereof. Any member 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 may retire. The maximum 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 years' salaries. 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 is reached.

For members with 35 or more years of earned Ohio service, the first 30 years will be calculated at 2.5% instead of 2.2%.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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.

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

A retiree of STRS Ohio or other 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 benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of 3% of the original base benefit. The plan offers access to health care benefits for retirees and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums.

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Eligible spouses and dependents of 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. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Benefits are established by Chapter 3307, Revised Code.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contributions rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2001, were 9.3% of covered payroll for members and 14% for employers. The School District's required contributions to STRS Ohio for the years ended June 30, 2001, 2000, and 1999 were \$640,142, \$647,281, and \$620,542, respectively; 71.18 percent has been contributed for the fiscal year 2001 and 100 percent for fiscal year 2000 and 1999. \$184,480 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2001 *Comprehensive Annual Financial Report* will be available after January 1, 2002, and can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2001, eight members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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 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. At June 30, 2001, the healthcare allocation is 9.80%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2001, the minimum pay has been established as \$12,400. 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 2001 fiscal year equaled \$135,581.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001 the Retirement System's net assets available for payment of health care benefits was \$315.7 million. The number of benefit recipients currently receiving health care benefits is approximately 50,000.

B. State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care benefits for retirees and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of monthly premiums.

The R.C. grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS Ohio shall be included in the employer contribution rate, currently 14% of covered payroll. For the School District, this amount equaled \$205,780 for fiscal year 2001.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2001, the board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion on June 30, 2001. For the year ended June 30, 2001, net health care costs paid by STRS Ohio were \$300,772,000. There were 102,132 eligible benefit recipients.

13. OTHER 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 upon termination of employment. Administrators and classified employees earn vacation leave.

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 240 days for all employees. Upon retirement, payment is made for one-fourth of the first 120 days of total sick leave accumulation plus 20.83 percent of days in excess of 120 days up to a maximum of 55 days for teachers and classified employees. For administrators, 30 percent of the first 120 days of total sick leave accumulation is paid, plus 20 percent of days in excess of 120 up to a maximum of 65 days for administrative personnel.

B. Insurance Benefits

The School District provides life insurance to most employees through Coresource. Medical/surgical benefits are provided through Untied Health Care and Anthem Community Mutual.

14. CAPITAL LEASES - LESSEE DISCLOSURE

In fiscal year 2000, the School District entered into capitalized leases for equipment. Each lease meets 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 in the General Fund. These expenditures are reported as function expenditures on the budgetary statements.

A liability was recorded in the General Long-Term Debt Account Group. This amount represents the present value of the minimum lease payments at the time the lease was entered into. Principal payments in fiscal year 2001 totaled \$27,558 in the General Fund

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

14. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>GLTDAG</u>
2002	\$32,517
2003	30,749
2004	<u>30,749</u>
Total	94,015
Less: Amount Representing Interest	<u>(8,797)</u>
Present Value of Net Minimum Lease Payments	<u>\$85,218</u>

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	<u>Principal Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Principal Outstanding 6/30/01</u>
Energy Conservation Loans 1993 5.25% - 5.65%	\$459,000	\$ 0	\$201,000	\$258,000
Vocational School Building Assistance Fund Loan 1993 and 1999 0.00%	603,171	0	67,477	535,694
School Energy Conservation Improvement Bonds 2000 4.60% - 6.25%	<u>0</u>	<u>715,000</u>	<u>0</u>	<u>715,000</u>
Total Long-Term Debt	<u>1,062,171</u>	<u>715,000</u>	<u>268,477</u>	<u>1,508,694</u>
Capital Leases	112,776	0	27,558	85,218
Intergovernmental Payable	4,852	83,140	4,852	83,140
Compensated Absences	<u>538,177</u>	<u>0</u>	<u>87,425</u>	<u>450,752</u>
Total General Long-Term Obligations	<u>\$1,717,976</u>	<u>\$798,140</u>	<u>\$388,312</u>	<u>\$2,127,804</u>

Energy Conservation Loan – On July 9, 1993, Springfield-Clark County Joint Vocational School District issued \$1,400,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for Springfield-Clark County Joint Vocational School District under authority of the 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 2002. The loan is being retired from the General Fund.

Energy Conservation Loan – On December 1, 1999, Springfield-Clark County Joint Vocational School District issued \$130,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for Springfield-Clark County Joint Vocational School District under authority of the Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a five-year period with final maturity during fiscal year 2004. The loan is being retired from the General Fund.

School Energy Conservation Improvement Bonds – On November 1, 2000, the School District issued \$715,000 in unvoted general obligation bonds for the purpose of providing energy conservation measures for Springfield-Clark County Joint Vocational School District. The bond issue included serial and term bonds in the amount of \$410,000 and \$305,000, respectively. The bonds were issued for a fifteen-year period, with final maturity during fiscal year 2015. The bonds are being retired from the General Fund.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

15. LONG-TERM OBLIGATIONS

Vocational School Building Assistance Fund Loan - On October 29, 1993, Springfield-Clark County Joint Vocational School District was loaned \$1,291,141 by the State of Ohio for the purpose of constructing, remodeling and purchasing equipment for the School District. The loan was issued for a fifteen-year period with a final maturity on December 31, 2008. The loan is being retired from the Bond Retirement Debt Service Fund.

Vocational School Building Assistance Fund Loan - On April 27, 1999, Springfield-Clark County Joint Vocational School District was loaned \$71,729 by the State of Ohio for the purpose of constructing, remodeling and purchasing equipment for the School District. The loan was issued for a fifteen-year period with a final maturity on April 1, 2014. The loan is being retired from the General Fund.

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

The School District's overall legal debt margin was \$173,805,368. The energy conservation debt margin was \$16,558,406, with an unvoted debt margin of \$1,947,934 at June 30, 2001.

Principal and interest requirements to retire the school energy conservation bonds and the energy conservation and vocational school building assistance fund loans at June 30, 2001, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$ 299,085	\$ 52,655	\$ 351,740
2003	124,085	39,616	163,701
2004	124,085	36,615	160,700
2005	103,085	33,478	136,563
2006	103,085	31,568	134,653
2007 – 2011	450,269	125,840	576,109
2012 – 2015	<u>305,000</u>	<u>50,156</u>	<u>355,156</u>
	<u>\$1,508,694</u>	<u>\$369,928</u>	<u>\$1,878,622</u>

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

16. INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$239,013	\$0
Special Revenue Funds:		
Consumer Education Projects	0	2,400
Career Development	0	12,975
Vocational Education	0	56,727
Miscellaneous Federal Grants	0	<u>13,325</u>
Total Special Revenue Funds	0	<u>85,427</u>
Capital Project Fund:		
Permanent Improvement	0	<u>3,602</u>
Enterprise Fund:		
Uniform School Supplies	0	11,684
Adult Education	0	<u>138,300</u>
Total Enterprise Funds	0	<u>149,984</u>
Total All Funds	<u>\$239,013</u>	<u>\$239,013</u>

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Springfield-Clark County Joint Vocational School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$174,268	\$44,238	\$356,907	\$575,413
Operating Income (Loss)	(26,406)	(4,304)	(570,850)	(601,560)
Interest	1,677	-	-	1,677
Federal and State Subsidies	16,737	-	269,210	285,947
Federal Donated Commodities	3,633	-	-	3,633
Operating Transfers In	-	5,726	150,000	155,726
Operating Transfers (Out)	-	(4,228)	-	(4,228)
Net Income (Loss)	(4,359)	(2,806)	(151,640)	(158,805)
Net Working Capital	30,412	1,824	(149,288)	(117,052)
Total Assets	53,229	13,508	68,476	135,213
Long-Term Compensated Absences Payable	14,571	-	20,409	34,980
Retained Earnings (Deficit)	15,841	1,824	(169,697)	(152,032)
Encumbrances Outstanding at June 30, 2001	28,781	1,016	62,240	92,037

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

18. JOINT VENTURE, JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL

A. Joint Venture

Early Childhood Education Center – The Springfield-Clark County Joint Vocational School District entered into an agreement with Clark State Community College to operate the Early Childhood Education Center (the Center). Clark State Community College is acting as the fiscal agent. The Joint Vocational School District has a financial responsibility to the Center to finance any operating deficits based upon a formula in the agreement. The Center incurred an operating profit for the fiscal year ended June 30, 2001. To obtain financial information, write to Joe Jackson, who serves as Vice President of Business Affairs, at 570 East Leffel Lane, Post Office Box 570, Springfield, Ohio 45501.

B. Jointly Governed Organizations

Miami Valley Educational Computer Association – The School District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Xenia and Hillsboro. 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 districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The School District paid MVECA \$18,049 for services provided during the year. Financial information can be obtained from Gary Bosserman, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

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

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2001, the School District paid \$70,067 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

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

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

18. JOINT VENTURE, JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL (Continued)

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2001, the School District paid \$1,347 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

C. Insurance Purchasing Pool

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

19. STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification of the plan is to be considered constitutional;, including:

- ▶ A change in the school districts that are used as the basis for determining the base support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

19. STATE SCHOOL FUNDING DECISION (Continued)

In general, it is expected that the decision would result in an increase in State finding for most Ohio school districts. However, as of February 27, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have of its future State funding and on its financial operations.

20. SET ASIDE CALCULATIONS

The following table represents the School District's set-aside calculations for textbooks and capital acquisition. Although the School District had qualifying offsets and disbursements during the year that reduced the set-aside amount below zero for capital acquisitions, these extra amounts may not be used to reduce the set-aside requirement for future years. Excess disbursements related to the textbook reserve may be carried forward from year to year.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 2000	\$264,406)	\$10,896	\$110,238
Current Year Set-aside Requirement	181,625	181,625	60,542
Senate Bill 345 Adjustment	-	-	(141,559)
Qualifying Disbursements	(64,621)	(1,057,674)	-
Total	<u>(147,402)</u>	<u>(865,153)</u>	<u>29,221</u>
Balance Carried Forward to FY 2002	<u>\$147,402)</u>	<u>-</u>	

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the School District to establish and maintain a budget stabilization reserve. The portion of monies which had previously accumulated in the budget stabilization reserve that were not related to workers' compensation rebates received by the School District, are now available for ordinary operating costs incurred by the District and therefore are reported as unreserved and undesignated fund balance in the General Fund. Current State statute requires school district to continue reporting funds received that were related to workers' compensation rebates in the budget stabilization reserve. Restrictions exist as to the manner in which these funds may be spent. Therefore, \$29,221 of the budget stabilization reserve related to the workers' compensation rebates is shown on the School District's balance sheet as a reservation of fund balance and restricted "equity in pooled cash and cash equivalents" in the General Fund.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

21. CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 2001.

**SPRINGFIELD CLARK JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed Through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program - Commodities	N/A	10.550		\$3,633		\$3,633
National School Lunch Program	LL-P1-2000	10.555	\$2,561		\$2,561	
	LL-P4-2000		652		652	
	LL-P1-2001		10,359		10,359	
	LL-P4-2001		2,370		2,370	
Total National School Lunch Program			<u>15,942</u>		<u>15,942</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>15,942</u>	<u>3,633</u>	<u>15,942</u>	<u>3,633</u>
U.S. DEPARTMENT OF EDUCATION						
(Passed Through Ohio Department of Education)						
Adult Basic Education	AB-S1 2001	84.002	62,810		62,810	
IVocational Education - Basic Grants to States	20-A4-99	84.048	1,500		1,821	
	20-C1-00		208,076		247,809	
	20-C1-01		275,759		273,359	
	20-C2-00		4,846		8,730	
(Passed Through Ohio Hi Point Joint Vocational School)						
	A01-056		<u>32,587</u>		<u>38,910</u>	
Total Vocational Education - Basic Grants to States			522,768		570,629	
Pell Grant		84.063	11,130		11,130	
Math Science Subsidy	MS-S1-2001	84.281	1,398			
Innovative Education Program Strategy	C2-S1-2001	84.298	<u>2,083</u>		<u>1,486</u>	
Total Department of Education			600,189		646,055	
U.S. DEPARTMENT OF LABOR						
(Passed Through Ohio Department of Education)						
School to Work Administration	WK-BE 2000	17.249	<u>2,340</u>		<u>4,037</u>	
Total Federal Financial Assistance			<u>\$618,471</u>	<u>\$3,633</u>	<u>\$666,034</u>	<u>\$3,633</u>

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

**SPRINGFIELD CLARK JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State Grants and local funds. It is assumed federal monies are expended first.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Springfield Clark Joint Vocational School District
Clark County
1901 Selma Road
Springfield, Ohio 45505-4295

To the Board of Education:

We have audited the financial statements of Springfield Clark Joint Vocational School District, Clark County (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated February 27, 2002, wherein we noted that the District implemented GASB 33. We also noted that the report was qualified as a result of the omission of the General Fixed Asset Account Group and fixed assets, including accumulated depreciation and depreciation expense in the Proprietary Funds from the financial statements, as required by generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-10312-001 through 2001-10312-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated February 27, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-10312-004 and 2001-10312-005.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-10312-005 to be a material weakness. We also noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of District in a separate letter dated February 27, 2002.

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

Jim Petro
Auditor of State

February 27, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Springfield Clark Joint Vocational School District
Clark County
1901 Selma Road
Springfield, Ohio 45505-4295

To the Board of Education:

Compliance

We have audited the compliance of Springfield Clark Joint Vocational School District, Clark County (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Springfield Clark Joint Vocational School District, Clark County 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, 2001.

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

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

Jim Petro
Auditor of State

February 27, 2002

**SPRINGFIELD CLARK JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(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 § .510?	No
(d)(1)(vii)	Major Programs (list):	Vocational Education - Basic Grants to States (CDFA # 84.028)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

Finding Number 2001-10312-001

Ohio Rev. Code § 5705.41(D), states that no orders or contracts involving the expenditure of money is to be made unless there is attached there to a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This following exception to this basic requirement is provided by statute:

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

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amount of less than \$100 for counties, or less than \$1,000 for other political subdivisions may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Fifteen percent of tested expenditures had invoices dated prior to the certificate issuance and were not included in the exception above. Not obtaining the fiscal officer’s certificate prior to any goods and services being ordered/received may allow the District to expend more funds than are budgeted. The District should institute procedures requiring purchase orders be prepared prior to the obligation of funds.

Finding Number 2001-10312-002

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Total expenditures exceeded total appropriations on June 30, 2001 for the following funds:

Fund	Total Appropriations	Total Expenditures	Variance
Venture Capital Fund	\$16,168	\$17,328	\$1,160
Economic Education Fund	16,252	25,367	9,115
Local Development Fund	6,897	9,200	2,303
Tech Prep Grant Fund	55,615	59,988	4,373
State Grants Fund	40,273	51,779	11,508
Able Grant Fund	109,761	115,600	5,839
Vocational Education Grant Fund	610,557	669,719	59,162
Miscellaneous Federal Grants Fund	8,358	18,420	10,062
Food Service Fund	181,373	210,155	28,782
Rotary Fund	2,773	3,198	539

In addition, several other funds had expenditures exceeding appropriations, but the variance was not material. The District should develop and implement procedures to routinely compare its actual versus budgeted activity and take necessary steps when improper variances are found to reduce the potential for overspending.

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

Finding Number 2001-10312-003

Ohio Rev. Code Section 5705.39 states that no subdivision is to appropriate money in excess of total estimated resources. Total appropriations exceeded estimated resources on June 30, 2001 for the following funds:

Fund	Total Appropriations	Estimated Resources	Variance
Economic Education Fund	\$16,252	(\$15)	\$16,267
Career Education Fund	101,963	0	101,963
Health/Multimedia Grant Fund	55,615	0	55,615
Able Grant Fund	109,761	5,953	103,808
Vocational Education Grant Fund	610,557	596	609,961
Bond Retirement Fund	64,476	28,598	35,878
Permanent Improvement Fund	584,171	134,293	449,878
Uniform School Supplies Fund	52,769	7,346	45,423
Adult Education Fund	1,103,227	797,897	305,330

This could allow the District to overspend its available funding. Procedures should be implemented to routinely compare budgeted versus actual activity.

Finding Number 2001-10312-004

Student Activities

The yearbook sponsors did not have the Student Activity Budget, the Sponsor Agreement Form, or the Project Activity Application filed with the Treasurer's Office. The yearbook sponsors failed to follow Board approved purchasing procedures for purchases over \$1,000. The cost of the printing of the yearbook was \$3,098, however no purchase order existed for the payment of the printing cost. Further, receipts were not issued by the yearbook staff to the purchaser of the yearbooks at the time of payment which prevented determination as to whether funds were deposited with the Treasurer in a timely manner.

Failure to follow control procedures and maintain complete and accurate supporting documentation could result in account activity being misstated, allow activity assets to be misused, allow revenues to be unreported, or allow unauthorized fund raising activities. To reduce this risk the District should:

- ◆ Require all student managed activities to file a budget and purpose statement, and all other documents, to assist in the monitoring of the financial transactions within the individual activity.
- ◆ Require a sales potential form be completed for each sales event. This form should include a description of the sales event, an estimate of the amount of money to be raised, and the cost and sales price for individual items sold. Additionally, this form should be approved by the department Supervisor and the Treasurer.
- ◆ Student activity advisors should maintain an accounting of the financial activity and perform monthly reconciliations to the financial information provided by the Treasurer. Any discrepancies should be communicated to the Treasurer's office immediately.
- ◆ At the end of each sales event a reconciliation of expected and actual revenue should be performed.

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

Finding Number 2001-10312-005

Fixed Assets

The District's annual financial statements did not include fixed assets or related depreciation activity for the year as a result of improper records. Failure to maintain accurate fixed asset records increased the risk of undetected loss of assets through misappropriations, does not provide support as a result of loss in a disaster for insurance recovery, hampered the process for preparing financial statements, and did not provide management with accurate information for decision making purposes.

Prudent business practices suggest that all changes to recorded fixed assets, including additions or deletions, be supported by sufficient documentation. Sufficient documentation should include addition forms and deletion forms. In addition, the procedures should include a process for performing an annual physical inventory and review by department heads to ensure that all assets, especially those which are fully depreciated are still being used. An annual physical inventory or review by department heads also ensures all fixed asset additions and deletions are recorded.

Failure to maintain supporting documentation of all changes to fixed assets could result in assets being inappropriately deleted from the District's records or not added when acquired.

The District should prepare and maintain documents to be completed for all fixed asset disposal and additions which include the following information:

- ◆ Signature authorizing addition/disposal of fixed asset:
- ◆ Inventory tag number;
- ◆ Department to which the addition is assigned;
- ◆ Reason why asset is being disposed of;
- ◆ How and when the asset was disposed;
- ◆ Trade-in amount received, if applicable; and
- ◆ Check number from which it was purchased supporting costs and acquisition date.

Management should also establish and implement a process for performing an annual physical inventory, providing for all deletions being recorded, and ensuring all assets which are fully depreciated are being utilized. The procedures should include:

- ◆ Sending annual fixed assets listings by department to the department management for review,
- ◆ Requiring all department managers to review listing and make any additions/deletions as appropriate,
- ◆ Requiring the department head sign off on the fixed asset listing as accurate.

Management should also establish a total fixed asset listing to which additions and disposals are added and deleted throughout the year. This listing should agree with the amounts reported in the financial statements, with all variances being investigated.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**SPRINGFIELD CLARK JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10312-001	Ohio Rev. Code Section 3315.07(C)	Yes	N/A
2000-10312-002	Ohio Rev. Code Section 5705.41(B)	No	Treasurer working to correct the problem.
2000-10312-003	Student Activities	No	Treasurer is working with activity advisors to correct the problem.
2000-10312-004	Fixed Assets	No	Treasurer is working with an appraisal firm to calculate a Fixed Asset amount.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

SPRINGFIELD CLARK JOINT VOCATIONAL SCHOOL DISTRICT

CLARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 26, 2002**