



**Auditor of State  
Betty Montgomery**



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

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANT'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of the Springfield-Clark Joint Vocational School District, Clark County, (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2004, and the respective changes in its financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2005, 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.

Management Discussions and Analysis and the budgetary comparison are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 8, 2005

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
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The discussion and analysis of the Springfield-Clark County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2004 are as follows:

**Overall:**

- Total net assets increased \$1,577,925, which represents a 40.57 percent increase from fiscal year 2003.
- Total assets of governmental activities increased by \$2,156,586 attributed almost exclusively to the purchase of capital assets, the increase in taxes receivable and the increase in equity in pooled cash and cash equivalents and investments.
- General revenues accounted for \$10.9 million or 87.68 percent of total revenue. Program specific revenues in the form of charges for services and operating grants and contributions account for \$1.5 million or 12.32 percent of total revenues of \$12.4 million.
- Of the School District's \$10.8 million in expenses, only \$1.5 million were offset by program specific charges for services, grants or contributions. General revenues (primarily grants and entitlements, and property taxes) were used to cover the net expense of \$9.3 million.
- The General Fund, the only major fund, had \$11.0 million in revenues and \$9.6 million in expenditures representing 85.92 percent and 81.80 percent of the total governmental funds revenues and expenditures, respectively.

**Using the Basic Financial Statements**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

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

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

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's General Fund begins on page 13. Fund financial reports provide detailed information about the General Fund. The School District uses many funds to account for a multitude of financial transactions. However, these funds financial statements focus on the School District's most significant funds, and therefore only the General Fund is presented separate from the other governmental funds.

**Governmental Funds**

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



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for 2004:

<b>TABLE 1</b>		<b>2004</b>	<b>2003</b>
<b>NET ASSETS, JUNE 30</b>		<u>2004</u>	<u>2003</u>
<b>ASSETS:</b>			
Current and Other Assets		\$ 9,609,806	\$ 8,151,225
Capital Assets		4,269,719	3,571,714
Total Assets		<u>13,879,525</u>	<u>11,722,939</u>
<b>LIABILITIES</b>			
Current Liabilities		6,529,704	5,729,345
Noncurrent Liabilities		<u>1,882,248</u>	<u>2,103,946</u>
Total Liabilities		<u>8,411,952</u>	<u>7,833,291</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Debt		3,138,835	2,156,938
Restricted		221,368	296,073
Unrestricted		<u>2,107,370</u>	<u>1,436,637</u>
Total Net Assets		<u>\$ 5,467,573</u>	<u>\$3,889,648</u>

The amount by which the School District's assets exceeded its liabilities is called net assets. As of June 30, 2004, the School District's net assets were \$5.4 million. Of that amount, approximately \$3.1 million was invested in capital assets, net of debt related to those assets. Another \$.2 million was subject to external restrictions upon its use. The remaining \$2.1 million was unrestricted and available for future use as directed by the Board of Education and the School District's Administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Table 2 shows the changes in net assets for fiscal year 2004.

	2004	2003
<b>REVENUES:</b>		
Program Revenues:		
Charges for Services	\$620,022	\$897,047
Operating Grants and Contributions	910,454	1,093,545
General Revenues:		
Property Taxes	5,686,724	5,499,638
Grants and Entitlements	4,794,009	4,342,445
Investment Earnings	24,474	30,587
Other	385,889	259,852
Total Revenues	12,421,572	12,123,114
<b>PROGRAM EXPENSES:</b>		
Instruction	6,050,313	6,045,243
Support Services:		
Pupils and Instructional Staff	1,272,046	1,849,790
Board of Education, Administration		
Fiscal and Business	1,338,229	1,260,983
Operation and Maintenance of Plant	1,056,256	1,046,667
Pupil Transportation	49,861	208,921
Central	109,159	221,816
Operation of Non-Instructional Services	923,601	216,881
Extracurricular Activities	-	1,630
Interest and Fiscal Charges	44,182	98,372
Total Expenses	10,843,647	10,950,303
Change in Net Assets	<u>\$1,577,925</u>	<u>\$1,172,811</u>

**Governmental Activities**

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. Property taxes made up 45.78 percent of revenues for governmental activities for the Springfield-Clark County Joint Vocational School District for fiscal year 2004. The School District is extremely dependent upon intergovernmental revenues provided by the State of Ohio and the federal government; approximately 45.92 percent of the School District's total revenue was received from intergovernmental sources during fiscal year 2004.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Despite not having sought new operating funds through a property tax levy in the past several years, the School District has been able regain stable financial footing after a struggling through financial difficulties in the late 1990's. Through careful management of expenses, the School District has been able maintain stable fund balance. However, if additional revenue sources are not secured, the School District will have to implement spending reductions in order to avoid depleting cash reserves.

Instruction comprises 55.80 percent of the School District's expenses for fiscal year 2004. Support services expenses make up 35.28 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

**TABLE 3  
TOTAL AND COST OF PROGRAM SERVICES  
FOR THE FISCAL YEAR ENDED JUNE 30,**

	2004		2003	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Instruction	\$6,050,313	\$4,954,087	\$6,045,243	\$4,835,736
Support Services:				
Pupils and Instructional Staff	1,272,046	988,332	1,849,790	1,352,502
Board of Education, Administration, Fiscal and Business	1,338,229	1,335,729	1,260,983	1,156,919
Operation and Maintenance of Plant	1,056,256	1,056,256	1,046,667	1,046,667
Pupil Transportation	49,861	49,861	208,921	208,921
Central	109,159	100,518	221,816	220,611
Operation of Non-Instructional Services	923,601	784,206	216,881	38,806
Extracurricular Activities			1,630	1,177
Interest and Fiscal Charges	44,182	44,182	98,372	98,372
<b>Total Expenses</b>	<u><u>\$10,843,647</u></u>	<u><u>\$9,313,171</u></u>	<u><u>\$10,950,303</u></u>	<u><u>\$8,959,711</u></u>

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupils and instructional staff include the activities involved with assisting the staff with the contents and process of teaching to pupils.

Board of education, administration, fiscal and business includes expenses associated with administrative and financial supervision of the District.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
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Plant operation and maintenance activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Operation of non-instructional services includes the preparation, delivery and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities, as well as services provided to the community at-large.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involves the transaction associated with the payment of interest and other related charges to debt of the School District.

**The School District's Funds**

Information about the School District's General Fund, the only major fund, starts on page 13. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12.8 million and expenditures of \$11.7 million. Fund balance went from \$2.1 million in 2003 to \$3.2 million.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2004, the School District amended its general fund budget several times.

For the General Fund, budget basis revenue was \$10.8 million as compared to the original budget estimates of \$10 million. This difference included intergovernmental revenues initially budgeted at \$4.4 million with budget basis revenues coming in at \$4.8 million and tax revenue initially budgeted at \$5.3 million with \$5.6 million in revenue being received on the budget basis.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$10.1 million, \$.7 million under revenues, as well as \$52,000 below final budget estimates.

**Capital Assets**

At the end of fiscal year 2004, the School District had \$4.27 million invested in land, buildings, furniture and equipment, and vehicles in governmental activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Table 4 shows fiscal year 2004 balances compared to 2003:

**TABLE 4  
CAPTIAL ASSETS, JUNE 30**

	<b>2004</b>	<b>2005</b>
Land	\$927,205	\$331,693
Land Improvements	493,106	426,372
Buildings and Improvements	5,437,855	5,397,034
Furniture, Fixtures and Equipment	3,377,062	2,962,736
Vehicles	317,857	298,357
Less: Accumulated Depreciation	(6,283,366)	(5,844,478)
	<b>\$4,269,719</b>	<b>\$3,571,714</b>

Overall capital assets increased approximately \$1,137,000 from fiscal year 2003. Increases in capital assets (primarily furniture, fixtures and equipment) were a result of the School District acquiring approximately 150 acres of land and performing \$67,000 in land improvements to land already in the School District's possession. The remaining increase was a result of the School District purchasing computer and data processing equipment.

For fiscal year 2000 and forward, Ohio law requires school districts to set aside three percent of certain revenues for capital improvements and an additional three percent for textbooks and instructional supplies. For fiscal year 2004, this amount was \$99,356 for each set aside requirement. The School District had qualifying disbursements in the amount of \$866,460 for capital improvements and \$456,602 in textbooks to offset these requirements.

**Debt Administration**

At June 30, 2004, the School District had a school energy conservation improvement bond with a balance due of \$615,000, with \$40,000 due within one year. The energy conservation debt issues were for the purpose of providing energy conservation measures for the School District. The School District has two separate Vocational School Building Assistance loans outstanding with a combined balance due at June 30, 2004 of \$331,703. \$66,084 of principal is due within one year. The purposes of these two loans were for constructing, remodeling and purchasing of equipment for the School District.

At June 30, 2004, the School District had various capital leases with a total outstanding balance of \$126,666, of which \$58,418 is due within one year. These leases consisting of equipment and vehicles have been capitalized as capital assets within the governmental activities. Principal payments for fiscal year 2004 totaled \$137,597.

At June 30, 2004, the School District had a note payable with an outstanding balance of \$57,515. This note was issued to buy-out a capital lease in fiscal year 2002. The notes entire balance of \$57,515 is due within one year. Principal payments on the note for 2004 totaled \$17,428.

The School District's overall legal debt margin was \$195,233,307. The energy conservation debt margin was \$18,941,501, with an unvoted debt margin of \$2,172,945 at June 30, 2004.

For more detailed information regarding the School District's debt obligations, the reader should refer to the notes to the basic financial statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**For the Future**

Springfield-Clark County Joint Vocational School District continues to struggle with the reduction in operating revenue provided by the State of Ohio. Recent legislative decisions continue to reduce operating funds through the planned phase out of the inventory tax base and reduced foundation subsidy payments. These factors coupled with increasing operating costs will continue to put a financial strain on the School District.

The state lawsuit has benefited the district in increased state per pupil amount. The lawsuit has failed to get the state to move away from dependence on property tax and the new formulas make funding very complex and difficult to explain to the public.

Accountability has become a major focus of the JVS Administration. In the past two years the administration, as well as the staff have determined necessary enrollment criteria for vocational programs. As a result of this a reduction-in-force was necessary in some teaching areas in order to right-size the staff.

The Springfield-Clark County Joint Vocational School District has taken many steps to economize the district's budget without jeopardizing the caliber and selection of programs being offered to students. The Springfield-Clark County JVS and the Northwestern Local School District have just completed the second year of a satellite agreement for the Vocational Programs being offered at the Northwestern High School campus. The state requirement to utilize 75% of the weighted funds received for vocational programs in certain expenditures areas has caused a hardship for many local districts. It does not create the same hardship for the JVS due to the fact that the majority of expenditures made by a JVS are for vocational programs specifically, equipment and supplies for the labs, technology enhancements, textbooks, etc. Similar satellite agreements are being considered with other associate high schools in the city/county. It is a constant concern of the JVS environment that future legislative acts would eliminate or again reduce the amount of funding for vocational education (weighted funds), therefore potentially prohibiting the availability of funds to maintain equipment, labs and remain current with technology enhancements.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer's Office at Springfield-Clark County Joint Vocational School District, 1901 Selma Road, Springfield, Ohio 45505 or call (937) 325-7368.

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

**Statement of Net Assets  
June 30, 2004**

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,102,355
Receivables:	
Taxes	6,199,409
Accounts	140,182
Intergovernmental	100,965
Materials and Supplies Inventory	66,895
Capital Assets:	
Capital assets not subject to depreciation:	
Land	927,205
Capital assets, net of accumulated depreciation	3,342,514
Total Assets	13,879,525
<b>LIABILITIES:</b>	
Accounts Payable	214,091
Contracts Payable	3,238
Accrued Wages and Benefits	642,967
Intergovernmental Payable	388,515
Deferred Revenue	5,280,893
Noncurrent Liabilities:	
Due Within One Year	222,017
Due In More Than One Year	1,660,231
Total Liabilities	8,411,952
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	3,138,835
Restricted for:	
Special Revenue	41,367
Capital Projects	180,001
Unrestricted	2,107,370
Total Net Assets	\$5,467,573

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

<b>Functions/Programs:</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
<b>Governmental Activities:</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
Instruction:				
Regular	\$724,801		\$20,700	(\$704,101)
Special	565,677			(565,677)
Vocational	4,149,817	195,110	417,042	(3,537,665)
Adult/Continuing	610,018	302,869	160,505	(146,644)
Support Services:				
Pupils	655,744		162,430	(493,314)
Instructional Staff	616,302		121,284	(495,018)
Board of Education	49,870			(49,870)
Administration	686,732			(686,732)
Fiscal	491,001		2,500	(488,501)
Business	110,626			(110,626)
Operation and Maintenance of Plant	1,056,256			(1,056,256)
Pupil Transportation	49,861			(49,861)
Central	109,159		8,641	(100,518)
Operation of Non-Instructional Services	923,601	122,043	17,352	(784,206)
Interest and Fiscal Charges	44,182			(44,182)
<b>Total</b>	<b>\$10,843,647</b>	<b>\$620,022</b>	<b>\$910,454</b>	<b>(9,313,171)</b>
Property Taxes Levied for:				
General Purposes				5,686,724
Grants, Entitlements and Contributions not Restricted to Specific Programs				4,794,009
Investment Earnings				24,474
Other Revenue				385,889
			<b>Total General Revenues</b>	<b>10,891,096</b>
			Change in Net Assets	1,577,925
				<b>3,889,648</b>
				<b>\$5,467,573</b>

See accompanying notes to the basic financial statements.



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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,612,189	\$490,166	\$3,102,355
Receivables:			
Taxes	6,199,411		6,199,411
Accounts	7,583	132,599	140,182
Intergovernmental		100,965	100,965
Due from Other Funds	116,984		116,984
Materials and Supplies Inventory	65,379	1,515	66,894
Total Assets	9,001,546	725,245	9,726,791
<b>Liabilities:</b>			
Accounts Payable	78,364	135,727	214,091
Contracts Payable		3,238	3,238
Accrued Wages and Benefits	611,000	31,967	642,967
Intergovernmental Payable	212,961	26,650	239,611
Compensated Absences Payable		11	11
Due to Other Funds		116,984	116,984
Deferred Revenue	5,281,356	13,976	5,295,332
Total Liabilities	6,183,681	328,553	6,512,234
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	123,930	233,177	357,107
Materials and Supplies Inventory	65,379	1,515	66,894
Property Taxes	918,054		918,054
General Fund	1,710,502		1,710,502
Unreserved:			
Special Revenue Funds		118,450	118,450
Capital Projects Funds		43,550	43,550
Total Fund Balances	2,817,865	396,692	3,214,557
Total Liabilities and Fund Balances	\$9,001,546	\$725,245	\$9,726,791

*See accompanying notes to the basic financial statements.*

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004**

Total Governmental Fund Balances	\$3,214,557
Amounts reported for governmental are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,269,719
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	14,439
Long-term liabilities, which are not due and payable in the current period and therefore are not reported in the funds	
Compensated Absences	(751,364)
Intergovernmental Payable	(148,894)
Capital Lease Payable	(126,666)
Note Payable	(57,515)
School Facilities Loan Payable	(331,703)
Energy Conservation Loan Payable	(615,000)
	<hr/>
Net Assets of Governmental Activities	<u><u>\$5,467,573</u></u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>General Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<b>Revenues:</b>			
Taxes	\$5,977,079		\$5,977,079
Intergovernmental	4,794,009	1,017,022	5,811,031
Investment Earnings	24,416	58	24,474
Tuition and Fees		497,979	497,979
Charges for Services		122,043	122,043
Miscellaneous	218,507	167,382	385,889
	<u>11,014,011</u>	<u>1,804,484</u>	<u>12,818,495</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	714,011		714,011
Special	559,293	33	559,326
Vocational	3,988,750	664,651	4,653,401
Adult/Continuing		619,395	619,395
Support Services:			
Pupils	540,137	83,878	624,015
Instructional Staff	613,668	190,546	804,214
Board of Education	49,959		49,959
Administration	633,586	8,949	642,535
Fiscal	464,830	2,508	467,338
Business	100,984		100,984
Operation and Maintenance of Plant	1,013,462	37,329	1,050,791
Pupil Transportation	43,745	29,500	73,245
Central	111,771	5,017	116,788
Operation of Non-Instructional Services	582,418	326,150	908,568
Debt Service:			
Principal	124,628	159,264	283,892
Interest	39,196	4,986	44,182
	<u>9,580,438</u>	<u>2,132,206</u>	<u>11,712,644</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>1,433,573</u>	<u>(327,722)</u>	<u>1,105,851</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In		326,834	326,834
Transfers Out	(325,764)	(1,070)	(326,834)
	<u>(325,764)</u>	<u>325,764</u>	<u></u>
Net Change in Fund Balances	1,107,809	(1,958)	1,105,851
Fund Balance, Beginning of Year	<u>1,710,056</u>	<u>398,650</u>	<u>2,108,706</u>
Fund Balance, End of Year	<u>\$2,817,865</u>	<u>\$396,692</u>	<u>\$3,214,557</u>

See accompanying notes to the basic financial statements.

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Total Net Change in Fund Balances - Total Governmental Funds	\$1,105,851
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
Capital Asset Additions	1,136,893
Current Year Depreciation	(438,888)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(396,923)
Repayment of long-term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	283,892
Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payables which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated Absences	(78,794)
Intergovernmental Payable	<u>(34,106)</u>
Change in Net Assets of Governmental Activities	<u><u>\$1,577,925</u></u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004**

	<b>Scholarship Private- Purpose Trust Funds</b>	<b>Agency Fund</b>
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$5,182	\$34,761
Receivables:		
Accounts		20,056
		<u>                    </u>
Total Assets	<u>5,182</u>	<u>54,817</u>
 <b>Liabilities:</b>		
Due to Students		54,817
		<u>                    </u>
Total Liabilities		<u>\$54,817</u>
 <b>Net Assets:</b>		
Held in Trust for Scholarships	<u>\$5,182</u>	

*See accompanying notes to the basic financial statements.*

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

**CLARK COUNTY, OHIO**

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Fiscal Year Ended June 30, 2004

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	<u>Scholarship Purpose Trust Funds</u>
<b>ADDITIONS:</b>	
Miscellaneous	<u>1,151</u>
Total Additions	<u>1,151</u>
<b>DEDUCTIONS:</b>	
Educational Outreach	<u>1,439</u>
Total Deductions	<u>1,439</u>
Change in Net Assets	(288)
Net Assets, Beginning of Year	<u>5,470</u>
Net Assets, End of Year	<u><u>5,182</u></u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.**

**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 District is staffed by 45 classified employees, 84 certified teaching personnel, and 10 administrative employees who provide services to 638 students and other community members. The School District currently operates 8 instructional buildings and an administration building.

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; or (3) 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 (4) 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.

The School District is associated with one joint venture, three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Notes 16, 17 and 18 to the basic financial statements. These organizations are:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

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

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 government-wide 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**

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

**1. Government-Wide Financial Statements**

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

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

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

**2. Fund Financial Statements**

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

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. The various funds of the School District are grouped into the categories governmental and fiduciary.

**1. Governmental Funds**

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund is the only major fund of the School District.

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

The other governmental funds of the School District account for grants and other resources and capital projects of the School District whose uses are restricted to a particular purpose.

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has various funds established to provide scholarships to its students that are classified as private-purpose trust funds. Funds used to account for the activity of the numerous student-managed activities within the School District are classified as agency funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

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

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets.

**2. Fund Financial Statements**

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

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

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

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

On the accrual basis of accounting, 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.

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

**E. Budget Data**

All funds, other than agency funds, are legally required to be budgeted and appropriated. 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 tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board has established the legal level of control at the fund/object level for the General Fund and the fund level for all other funds.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

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

**F. Cash and Cash Equivalents**

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

During fiscal year 2004, investments included were limited to non-negotiable certificates of deposits, stock certificates and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value that is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The School District has invested funds in the State Treasury Assets Reserve of Ohio (STAROhio) during fiscal year 2004. STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2004.

The School District allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year was \$24,416 which included \$4,377 assigned from other School District funds. Interest was also recorded in the food service fund for \$58.

**G. Materials and Supplies Inventory**

On government-wide financial statements, inventories are presented at the lower cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption, donated food, and purchased food. 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.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

**I. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

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

**J. Estimates**

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

**K. Capital Assets and Depreciation**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements throughout the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 – 30 years
Buildings and Improvements	20 – 40 years
Furniture, Fixtures and Equipment	5 – 20 years
Vehicles	5 years

**L. Interfund Activity**

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

**M. Compensated Absences**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

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

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 District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, general obligation bonds, and capital leases are recognized as a liability on the governmental fund financial statements when due.

**O. Net Assets**

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

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

**P. 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 that is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

**3. ACCOUNTABILITY**

The following funds have fund equity deficits as of June 30, 2004:

	<b>Deficit</b>
	<b><u>Fund Equity</u></b>
Special Revenue Funds:	
Food Service	\$ 8,319
Vocational Education Enhancement	328
Adult Basic Education	2,892

The deficits in the special revenue 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 required, not when accruals occur.

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

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

1. United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
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 monies available for investment at any one time; and,
8. Under limited circumstances, debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**Cash on Hand:** At fiscal year end, the School District had \$550 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 \$2,056,319 and the bank balance was \$2,140,979. Of the bank balance,

1. \$200,000 was covered by federal depository insurance, and;
2. \$1,940,979 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 FDIC.



**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

**Investments:** The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the School District or its agent in the School District's name holds the securities. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. At June 30, 2004, the fair value of funds on deposit with STAR Ohio was \$65,314.

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

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

	<b>Category 2</b>	<b>Category 3</b>	<b>Carrying/ Fair Value</b>
Government Securities	\$1,020,115	\$0	\$1,020,115
STAR Ohio			65,314
	\$1,020,115	\$0	\$1,085,429

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 Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and cash equivalents and investments on the basic financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/</b>	
	<b>Deposits</b>	<b>Investments</b>
GASB Statement 9	\$3,142,298	
Cash on Hand	(550)	
Investments:		
Government Securities	(1,020,115)	\$1,020,115
STAR Ohio	(65,314)	65,314
GASB Statement 3	\$2,056,319	\$1,085,429

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
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**5. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2004 for real and public utility property taxes represents collections of calendar 2003 taxes. Property tax payments received during calendar 2004 for tangible personal property (other than public utility property) is for calendar 2004 taxes. 2004 real property taxes are levied after April 1, 2003, on the assessed value as of January 1, 2003, 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. 2004 public utility property taxes became a lien December 31, 2003, are levied after April 1, 2004, and are collected in 2004 with real property taxes.

2004 tangible personal property taxes are levied after April 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are twenty-five percent of true value.

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

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

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

	<b>2004 First Half Collections</b>		<b>2003 Second Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$1,870,192,240	86.07%	\$1,821,602,230	84.54%
Public Utility	93,282,110	4.29%	97,625,990	4.53%
Tangible Personal Property	209,470,202	9.64%	235,527,096	10.93%
<b>Total Assessed Value</b>	<b>\$2,172,944,552</b>	<b>100.00%</b>	<b>\$2,154,755,316</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	<u>\$3</u>		<u>\$3</u>	

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, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

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

**5. PROPERTY TAXES (Continued)**

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2004. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2004, was \$918,054 and is recognized as revenue in the General Fund.

**6. RECEIVABLES**

Receivables at June 30, 2004, consisted of current and delinquent property taxes, accounts (rent and student fees), intergovernmental grants and interfund transactions. 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:

<b>Governmental Activities:</b>	<b>Amount</b>
Adult Basic Education	\$28,914
Vocational Education	40,036
Other Non-Major Funds	32,015
Total Intergovernmental Receivables	\$100,965

**7. CAPITAL ASSETS**

	<b>Balance 6/30/2003</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 6/30/2004</b>
<b>Capital Assets, not being depreciated</b>				
Land	\$331,693	\$595,512		\$927,205
	331,693	595,512		927,205
<b>Capital Assets, being depreciated</b>				
Land Improvements	426,372	66,734		493,106
Buildings and Improvements	5,397,034	40,821		5,437,855
Furniture, Fixtures and Equipment	2,962,736	414,326		3,377,062
Vehicles	298,357	19,500		317,857
	9,084,499	541,381		9,625,880
<b>Less: Accumulated Depreciation</b>				
Land Improvements	(315,091)	(8,380)		(323,471)
Buildings and Improvements	(3,540,969)	(139,800)		(3,680,769)
Furniture, Fixtures and Equipment	(1,771,488)	(266,934)		(2,038,422)
Vehicles	(216,930)	(23,774)		(240,704)
	(5,844,478)	(438,888)		(6,283,366)
<b>Capital Assets, being depreciated, net</b>	3,240,021	102,493		3,342,514
<b>Capital Assets, net</b>	\$3,571,714	\$698,005		\$4,269,719

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**7. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$22,289
Special	15,946
Vocational	211,570
Adult/Continuing	13,572
Support Services:	
Pupil	19,886
Instructional Staff	62,521
Board of Education	380
Administration	26,741
Fiscal Services	18,145
Business	2,860
Operation and Maintenance of Plant	32,801
Pupil Transportation	8,572
Central	255
Operation of Non-Instructional Services	3,350
Total Depreciation Expense	<u><u>\$438,888</u></u>

**8. 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 2004, the School District contracted with Nationwide Insurance Company for general liability and fleet insurance. Consolidated Insurance protects property.

Building and Contents-replacement cost (\$1,000 deductible)	\$17,950,000
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 eleven years. There have been no significant deductions in insurance coverage from last year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
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**8. RISK MANAGEMENT (Continued)**

**B. Workers' Compensation**

For fiscal year 2004, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). 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.

**9. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (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. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$184,858, \$185,340 and \$48,593, respectively; 82.89 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

**B. State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**9. DEFINED BENEFIT PENSION PLANS (Continued)**

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were \$702,803 \$719,652 and \$431,939 respectively; 79.20 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

**C. Social Security System**

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

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**10. POSTEMPLOYMENT BENEFITS**

State Teachers Retirement System of Ohio (STRS Ohio) provides comprehensive healthcare benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio 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 a monthly premium. 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 coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For fiscal year ended June 30, 2003, the Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.8 billion on June 30, 2003. For the School District, this amount equaled \$50,200 during the 2004 fiscal year.

For the year ended June 30, 2003, net health care costs paid by STRS Ohio were \$352,301,000. There were 108,294 eligible benefit recipients.

For SERS, the Ohio Revised Code gives 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 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, the allocation rate is 5.83 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit.

For fiscal year 2004, the minimum pay has been established at \$14,500. For the School, the amount to fund health care benefits, including the surcharge, was \$103,383 for fiscal year 2004.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2003, were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, the Retirement System's net assets available for payment of health care benefits of \$303.6 million. The number of benefit recipients currently receiving health care benefits is approximately 50,000.

**11. 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. Teachers and administrators do not earn vacation time with the exception of the Superintendent and Treasurer.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**11. OTHER EMPLOYEE BENEFITS (Continued)**

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 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 United Health Care and Anthem Community Mutual.

**12. CAPITAL LEASES - LESSEE DISCLOSURE**

In fiscal year 2002, 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 fund financial statements in the General Fund.

During fiscal year 2003, the School District entered into capitalized leases for computer equipment and a vehicle. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements in the General Fund and the Vocational Education Fund.

A liability was recorded for the government-wide financial statements as Capital Lease Payable. This amount represents the present value of the minimum lease payments at the time the lease was entered into. Principal payments for capital leases in fiscal year 2004 totaled \$63,628 in the General Fund and \$73,969 in the Vocational Education 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, 2004.

<u>Fiscal Year Ending June 30,</u>	
2005	\$ 60,021
2006	55,574
2007	<u>13,411</u>
Total	129,006
Less: Amount Representing Interest	<u>(2,340)</u>
Present Value of Net Minimum Lease Payments	<u>\$126,666</u>



**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**13. NOTE PAYABLE**

During fiscal year 2003, the School District issued a note payable to payoff a capital lease obligation for equipment. The note was issued in the amount of \$74,943, at an interest rate of 3.51%, payable in 11 regular payments of \$1,625 with a final balloon payment of \$57,515 due July 2004. This note has a renewable clause that allows the School District to renew annually. During fiscal year 2004, the School District exercised this option and renewed the lease, with monthly payments of \$1,625. During fiscal year 2004, \$17,428 in principal was paid on the note. Debt expenditures are to be made from the Adult Education Fund.

**14. LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the School District during fiscal year 2004 were as follows:

	<u>Amount Outstanding 6/30/2003</u>	<u>Increase</u>	<u>Decrease</u>	<u>Amount Outstanding 6/30/2004</u>	<u>Amount Due Within One Year</u>
Energy Conservation Loans 1993 - 2000 5.25% - 5.65%	\$26,000		\$26,000		
Vocational School Building Assistance Fund Loan 1999 0.0%	399,570		67,867	331,703	66,084
School Energy Conservation Improvement Bonds 2000 4.60% - 6.25%	650,000		35,000	615,000	40,000
Note Payable	74,943		17,428	57,515	57,515
Capital Leases Payable	264,263		137,597	126,666	58,418
Compensated Absences	689,170	78,794	16,600	751,364	
Total Governmental Activities	<u>\$2,103,946</u>	<u>\$78,794</u>	<u>\$300,492</u>	<u>\$1,882,248</u>	<u>\$222,017</u>

**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.

**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.

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**14. LONG-TERM OBLIGATIONS (Continued)**

**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 and the Vocational Education Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$195,233,307. The energy conservation debt margin was \$18,941,501, with an unvoted debt margin of \$2,172,945 at June 30, 2004.

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, 2004, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$107,867	\$33,478	\$141,345
2006	107,867	31,568	139,435
2007	107,867	29,638	137,505
2008	112,867	27,565	140,432
2009	81,325	25,338	106,663
2010-2014	293,910	84,862	378,772
2015-2019	135,000	8,594	143,594
	<u>\$946,703</u>	<u>\$241,043</u>	<u>\$1,187,746</u>

**15. INTERFUND ACTIVITY**

As of June 30, 2004, principal components of interfund balances and transactions were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	Adult Education	\$ 29,210
	Vocational Education	43,724
	Other Non-Major Funds	44,050
		<u>\$116,984</u>

The due to represents cash advances to grant funds for cash flow purposes by the general fund.

<u>Transfer To</u>	<u>Transfer From General Fund</u>
Debt Service	\$ 67,867
Permanent Improvement	250,000
Other Non-Major Funds	8,967
	<u>\$326,834</u>

The transfers represent permanent transfers to fund different programs and operations with general fund unrestricted revenues as allowed by statute.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

**16. 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, 2004. 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.

**17. 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 \$12,714 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 2004, the School District paid \$77,879 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2004, the School District paid \$672 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.

**18. INSURANCE 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 December 11, 2003, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

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

**20. CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED Error! Unknown document property name.  
(Continued)**

**21. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<b>Textbooks</b>	<b>Capital Acquisition</b>
Set-aside Cash Balance, As of June 30, 2003	(\$1,092,740)	
Current Year Set-aside Requirement	99,356	\$99,356
Qualifying Disbursements	(456,602)	(866,460)
Total	(1,449,986)	(767,104)
Balance Carried Forward to FY 2005	(1,449,986)	\$0

Although the School District had qualifying disbursements during the year that reduced the set-aside below zero for capital acquisition, the extra amounts may not be used to reduce the set-aside requirements of future years

**22. NONCOMPLIANCE**

The District did not comply with requirements regarding limiting of appropriations and purchasing of equipment with federal funds.

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Taxes	\$5,298,870	\$5,088,116	\$5,632,052	\$543,936
Intergovernmental	4,407,705	4,196,952	4,794,009	597,057
Interest	25,160	25,160	29,020	3,860
Tuition and Fees	40,000	40,000	43,807	3,807
Miscellaneous	142,433	142,433	165,125	22,692
<b>Total Revenues</b>	<u>9,914,168</u>	<u>9,492,661</u>	<u>10,664,013</u>	<u>1,171,352</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular Instruction	650,690	716,840	716,814	26
Special Instruction	519,748	536,883	536,881	2
Vocational Instruction	3,637,321	4,054,389	4,029,003	25,386
Adult/Continuing Instruction	350	350		350
Support Services:				
Pupils	362,514	539,514	538,861	653
Instructional Staff	521,724	656,724	652,715	4,009
Board of Education	71,100	77,100	71,705	5,395
Administration	630,579	653,579	653,153	426
Fiscal	466,600	466,600	466,265	335
Business	135,249	107,249	102,038	5,211
Operation and Maintenance of Plant	1,034,481	1,036,126	1,039,959	(3,833)
Pupil Transportation	50,164	45,164	44,606	558
Central	118,070	138,270	127,305	10,965
Capital Outlay		582,800	582,428	372
Debt Service:				
Principal Retirement	316,550	61,000	61,000	
Interest		36,638	36,638	
<b>Total Expenditures</b>	<u>8,515,140</u>	<u>9,709,226</u>	<u>9,659,371</u>	<u>49,855</u>
Excess of Revenues Over (Under) Expenditures	<u>1,399,028</u>	<u>(216,565)</u>	<u>1,004,642</u>	<u>1,221,207</u>
<b>Other Financing Sources (Uses):</b>				
Refund of Prior Year Expenditures	2,834	2,834	3,269	435
Advances In	147,517	147,517	170,151	22,634
Advances Out	(25,000)	(125,000)	(124,977)	23
Operating Transfers Out	(50,000)	(328,000)	(325,764)	2,236
<b>Total Other Financing Sources (Uses)</b>	<u>75,351</u>	<u>(302,649)</u>	<u>(277,321)</u>	<u>25,328</u>
Net Change in Fund Balance	1,474,379	(519,214)	727,321	1,246,535
Fund Balance, Beginning of Year	1,566,000	1,566,000	1,566,000	
Prior Year Encumbrances Appropriated	139,009	139,009	139,009	
<b>Fund Balance, End of Year</b>	<u>\$3,179,388</u>	<u>\$1,185,795</u>	<u>\$2,432,330</u>	<u>\$1,246,535</u>

See accompanying notes to the required supplementary information.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**Basis of Budgeting**

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the accounts. The Springfield-Clark County Joint Vocational School District's (the School District) budget for all legislated funds are prepared on a cash-encumbrance basis wherein transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. Fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

The basis of budgeting differs from generally accepted accounting principles (GAAP) used for the School District's year-end basic financial statements. Under that basis of accounting, revenues are generally recognized when the obligation to the School District arises; the budget basis however, recognizes revenue only when cash has been received. In the basic financial statements, expenditures are generally recognized in the period in which they are incurred. Under the budget basis, expenditures are recognized when cash has been disbursed or when an encumbrance has been placed against an appropriation.

**General Budget Policies**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the 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 primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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.

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources 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 of estimated resources issued during fiscal year 2004.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

Upon receipt from the County Auditor of an amended certificate of estimated resources, based on final assessed values and tax rates, or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund/object for the General Fund and the fund level for all other funds, 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 fund appropriation, or alter total appropriation at the legal level of control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as 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, several supplemental appropriation resolutions were legally enacted.

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.

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 fund types.

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.

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

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



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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
(Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

**Net Change in Fund Balance**

	<u><b>General Fund</b></u>
GAAP Basis	\$1,107,809
Revenue Accruals	(349,998)
Expenditure Accruals	(78,933)
Advances	45,174
Refund of Prior Year Receipts/ Expenditures	<u>3,269</u>
Budget (Non-GAAP) Basis	<u><u>\$727,321</u></u>

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

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>(Passed through Ohio Department of Education)</i>						
Nutrition Cluster:						
Food Donation		10.550		\$4,994		\$4,994
National School Lunch Program	LLP4-2003 LLP4-2004	10.555	3,639		3,639	
			<u>15,827</u>		<u>15,827</u>	
Total National School Lunch Program			<u>19,466</u>		<u>19,466</u>	
Total United States Department of Agriculture - Nutrition Cluster			19,466	4,994	19,466	4,994
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>(Passed through Ohio Department of Education)</i>						
Adult Education-State Grant Program	ABS1-2003 ABS1-2004	84.002			10,131	
			<u>28,165</u>		<u>96,841</u>	
Total Adult Education-State Grant Program			<u>28,165</u>		<u>106,972</u>	
Vocational Education - Basic Grants to States	20A0-2003 20AO-2002 20C1-2003 20C1-2004	84.048	1,500		246	
			146,205		79,377	
			<u>412,025</u>		<u>417,447</u>	
			559,730		497,070	
<i>(Passed Through Ohio Hi-Point JVS)</i>						
Vocational Education - Basic Grants to States	CP111-A04	84.048	<u>28,875</u>		<u>34,518</u>	
Total Vocational Education - Basic Grants to States			588,605		531,588	
<i>(Direct Receipt)</i>						
Federal Pell Grant Program		84.063	33,616		33,431	
<i>(Passed through Ohio Department of Education)</i>						
Safe and Drug Free Schools and Communities-State Grant	DRS1-2003 DRS1-2004	84.186	1,305			
			<u>890</u>		<u>644</u>	
Total Safe and Drug Free Schools and Communities State Grant			2,195		644	
State Grants for Innovative Programs	C2S1-2003 C2S1-2004	84.298	3,792			
			<u>5,396</u>		<u>5,396</u>	
			<u>9,188</u>		<u>5,396</u>	
Vocational Education-Occupational and Employment Information for States	OE00-2003 OE00-2004	84.346			3,738	
			<u>3,000</u>		<u>3,359</u>	
Total Vocational Education-Occupational and Employment Information for States			3,000		7,097	
Improving Teacher Quality State Grants	TRS1-2003 TRS1-2004	84.367	1,961			
			<u>4,059</u>		<u>1,900</u>	
			<u>6,020</u>		<u>1,900</u>	
Total United States Department of Education			<u>670,789</u>		<u>687,028</u>	
<b>Total Federal Financial Assistance</b>			<u>\$690,255</u>	<u>\$4,994</u>	<u>\$706,494</u>	<u>\$4,994</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  
FISCAL YEAR ENDED JUNE 30, 2004**

**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 -- FOOD DISTRIBUTION**

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. Monies are commingled with State grants. 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 expenditure of non-Federal matching funds is not included on the Schedule.

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## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT 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

To the Board of Education:

We have audited the financial statements of the Springfield-Clark Joint Vocational School District, Clark County, (the District), as of and for the year ended June 30, 2004, and have issued our report thereon dated March 8, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 8, 2005.

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

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 8, 2005.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402  
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Springfield-Clark Joint Vocational School district  
Clark County  
Independent Accountants' Report On Compliance And On  
Internal Control Required By *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 8, 2005



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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

To the Board of Education:

#### Compliance

We have audited the compliance of the 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, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects with the requirements referred to above that are applicable to this major federal program for the year ended June 30, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2004-002.

### **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.

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. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 8, 2005

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



**Betty Montgomery**  
Auditor of State

March 8, 2005



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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2004**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs= Compliance Opinion</b>	CFDA # 84.048: Vocational Education Grant-Basic Grant to State
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Unqualified
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2004-001**

**Appropriations Exceeded Total Estimated Resources**

**Ohio Rev. Code Section 5705.39** states that the total appropriation from each fund should not exceed the total estimated resources for the respective fund. Further, no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources. The following funds had appropriations in excess of estimated resources at June 30, 2004:

	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
General Fund:			
Rotary (011)	\$17,093	\$1,272	(\$15,821)
Special Revenue Fund:			
Other Grants (019)	137,125	106,411	(30,714)
Consumer Education Projects (406)	1,090	123	(967)
Teacher Development (416)	474	26	(448)
EMIS Fund (432)	7,200	732	(6,468)
Data Communication Fund (451)	3,000	0	(3,000)
Professional Development for SchoolNET (452)	6,175	3,817	(2,358)
Career Development (461)	66,082	0	(66,082)
Entry Year Teacher (499)	20,126	0	(20,126)
Title II (573)	5,765	4,930	(835)
Improving Teacher Quality (590)	5,732	3,695	(2,037)
Enterprise Fund:			
Food Service (006)	143,924	41,526	(102,398)
Agency Fund:			
Student Activity Funds (200)	55,521	50,311	(5,210)

There was no evidence in the County's budgetary files to indicate the District submitted appropriation measures to the county budget commission. Accordingly, the District had no certificates from the county auditor that appropriations from each fund did not exceed the total official estimate of resources.

The District should develop and implement procedures to properly develop and monitor its budgetary expectations relating to appropriations and available resources. When changes in funding become apparent, the District should amend its certificate and appropriation measures accordingly. This would enable the District to comply with budgetary requirements, and make necessary amendments to the budget or actual spending to reduce the possibility of overspending available funds.

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

<b>Finding Number</b>	<b>2002-002</b>
<b>CFDA Title and Number</b>	Vocational Education – Basic Grant to State – CFDA # 84.048
<b>Federal Award Number / Year</b>	20C1/ 2003, 2004
<b>Federal Agency</b>	United States Dept. of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Equipment**

The A-102 Common Rule (34 CRF 80.3) requires equipment used in the program which acquired it or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

The District made purchases from the General Fund (for capital assets) and then made correcting entries for these expenditures to the Vocational Education Grant. During fiscal year 2004, the District charged the federal grant \$181,208.32 for capital assets; only \$10,326 of this were actually checks paid directly from the Federal Fund (the remaining \$170,882.32 were made via correcting entries).

The District's additions listing only reflected the \$10,326 as purchases made with Federal funds (5.70%); which means that the remaining \$170,882.32 were incorrectly identified as having been purchased by the General Fund. Additionally, the IT coordinator provided an additional listing of 60 computers (\$44,160.00) which were flagged as having been charged to the federal grant. The District's fixed asset records should reflect the correct source from which it was purchased. All information regarding capital assets should be consistent in nature; for example the items charged to this federal grant were still reflected as though they were purchased by the General Fund.

The District should develop and implement procedures requiring fixed assets, subject to the A-102 Common Rule to be properly inventoried, labeled and maintained as required by A-102 Common Rule.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 ' .315 (b)  
FISCAL YEAR END JUNE 30, 2004**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2003-001	ORC Sec. 5705.39 – Appropriations exceeded estimated resources	No	Not corrected. Treasurer is working on problem.



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**SPRINGFIELD-CLARK COUNTY JVSD**

**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  
APRIL 5, 2005**