



**Auditor of State
Betty Montgomery**

**SPRINGFIELD-CLARK COUNTY 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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springfield-Clark Joint Vocational School District, Clark County, (the District), as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the aggregate remaining fund information of the District as of June 30, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2004, 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's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis) General Fund are not required parts 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 accompanying Schedule of Federal Awards Receipts and Expenditures is required by the U. S. Office of Management and Budget Circular *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures 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.



Betty Montgomery
Auditor of State

May 7, 2004

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED**

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, 2003. 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 2003 are as follows:

Overall:

- Total net assets increased \$1,172,811, which represents a 43.17 percent increase from fiscal year 2002.
- Total assets of governmental activities increased by \$1,057,938, attributed almost exclusively to the reclassification of funds and the increase in equity in pooled cash and cash equivalents and investments.
- General revenues accounted for \$10.1 million or 83.58 percent of total revenue. Program specific revenues in the form of charges for services and operating grants and contributions account for \$2.0 million or 16.42 percent of total revenues of \$12.1 million.
- Of the School District's \$11.0 million in expenses, only \$2.0 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 \$9.0 million.
- The General Fund, the only major fund, had \$10.1 million in revenues and \$8.7 million in expenditures representing 84.17 percent and 77.95 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**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED
(Continued)**

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 2003?" 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 14. 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**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED
(Continued)**

The School District as a Whole

The current year's financial statements are dramatically different from past years as a result of implementing GASB 34. Attempting to compare this year's data with last year would be misleading to the reader however the district looks forward to offering comparative data in the future. Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2003:

**TABLE 1
NET ASSETS**

	2003
Assets:	
Current and Other Assets	\$8,151,225
Capital Assets	3,571,714
Total Assets	11,722,939
 Liabilities:	
Current Liabilities	5,729,345
Noncurrent Liabilities	2,103,946
Total Liabilities	7,833,291
 Net Assets:	
Invested in Capital Assets, Net of Debt	2,156,938
Restricted	296,073
Unrestricted	1,436,637
Total Net Assets	\$3,889,648

The amount by which the School District's assets exceeded its liabilities is called net assets. As of June 30, 2003, the School District's net assets were \$3.9 million. Of that amount, approximately \$2.2 million was invested in capital assets, net of debt related to those assets. Another \$.3 million was subject to external restrictions upon its use. The remaining \$1.4 million was unrestricted and available for future use as directed by the Board of Education and the School District's Administration.

Table 2 shows the changes in net assets for fiscal year 2003. Since this is the first year the School District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2002 are not available. In future years, when prior-year information is available, a comparative analysis of district-wide data will be presented.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED
(Continued)**

**TABLE 2
CHANGE IN NET ASSETS**

	<u>2003</u>
Revenues	
Program Revenues:	
Charges for Services	\$897,047
Operating Grants and Contributions	1,093,545
General Revenues:	
Property Taxes	5,499,638
Grants and Entitlements	4,342,445
Investment Earnings	30,587
Other	<u>259,852</u>
Total Revenues	<u>12,123,114</u>
Program Expenses	
Instruction	6,045,243
Support Services:	
Pupils and Instructional Staff	1,849,790
Board of Education, Administration, Fiscal and Business	1,260,983
Operation and Maintenance of Plant	1,046,667
Pupil Transportation	208,921
Central	221,816
Operation of Non-Instructional Services	216,881
Extracurricular Activities	1,630
Interest and Fiscal Charges	<u>98,372</u>
Total Expenses	<u>10,950,303</u>
 Change in Net Assets	 <u><u>\$1,172,811</u></u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED
(Continued)**

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 45.36 percent of revenues for governmental activities for the Springfield-Clark County Joint Vocational School District for fiscal year 2003. The School District is extremely dependent upon intergovernmental revenues provided by the State of Ohio and the federal government; approximately 44.84 percent of the School District's total revenue was received from intergovernmental sources during fiscal year 2003.

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 55.21 percent of the School District's expenses for fiscal year 2003. Support services expenses make up 41.90 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. Comparisons to 2002 have not been made because they are not available.

**TABLE 3
Total and Cost of Program Services
Governmental Activities
For Fiscal Year 2003**

	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Instruction	\$6,045,243	\$4,835,736
Support Services:		
Pupils and Instructional Staff	1,849,790	1,352,502
Board of Education, Administration, Fiscal and Business	1,260,983	1,156,919
Operation and Maintenance of Plant	1,046,667	1,046,667
Pupil Transportation	208,921	208,921
Central	221,816	220,611
Operation of Non-Instructional Services	216,881	38,806
Extracurricular Activities	1,630	1,177
Interest and Fiscal Charges	<u>98,372</u>	<u>98,372</u>
 Total Expenses	 <u>\$10,950,303</u>	 <u>\$8,959,711</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED
(Continued)**

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.

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 14. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12.0 million and expenditures of \$11.2 million. Unreserved fund balance went from \$1.4 million in 2002 to \$2.1 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 2003, the School District amended its general fund budget one time.

For the General Fund, budget basis revenue was \$9.8 million as compared to the original budget estimates of \$9.9 million. This difference included intergovernmental revenues initially budgeted at \$3.9 million with budget basis revenues coming in at \$4.3 million and tax revenue initially budgeted at \$5.9 million with only \$5.3 million in revenue being received on the budget basis.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$8.9 million, \$.98 million under revenues, as well as \$.25 million below final budget estimates.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED
(Continued)**

Capital Assets

At the end of fiscal year 2003, the School District had \$3.57 million invested in land, buildings, furniture and equipment, and vehicles in governmental activities.

Table 4 shows fiscal year 2003 balances compared to 2002:

**TABLE 4
Capital Assets at June 30**

	2003	2002
Cost:		
Land and Improvements	\$758,065	\$749,323
Buildings and Improvements	5,397,034	5,304,257
Furnitures, Fixtures, and Equipment	2,962,736	2,480,311
Vehicles	298,357	240,097
	9,416,192	8,773,988
Accumulated Depreciation:		
Land and Improvements	315,091	309,059
Buildings and Improvements	3,540,969	3,404,181
Furnitures, Fixtures, and Equipment	1,771,488	1,526,833
Vehicles	216,930	198,288
	5,844,478	5,438,361
Net Capital Assets	<u>\$3,571,714</u>	<u>\$3,335,627</u>

Overall capital assets increased approximately \$200,000 from fiscal year 2002. Increases in capital assets (primarily furniture, fixtures and equipment) were offset by depreciation expense for the year.

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 2003, this amount was \$99,900 for each set aside requirement. The School District had qualifying disbursements in the amount of \$464,047 for capital improvements and \$468,525 in textbooks to offset these requirements. In addition, the School District carried forward a deficit of \$724,115 for textbooks to meet the required disbursements for fiscal year 2003.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED
(Continued)**

Debt Administration

At June 30, 2003, the School District had one energy conservation loan outstanding with principal due of \$26,000, of which the entire amount is due within one year. Also outstanding was a school energy conservation improvement bond with a balance due of \$650,000, with \$35,000 due within one year. The two 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, 2003 of \$399,570. \$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, 2003, the School District had various capital leases with a total outstanding balance of \$264,263, of which \$91,084 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 2003 totaled \$89,959.

At June 30, 2003, the School District had a note payable with an outstanding balance of \$74,943. This note was issued to buy-out a capital lease in fiscal year 2002. The notes entire balance of \$74,943 is due within one year. Principal payments on the note for 2003 totaled \$13,567.

The School District's overall legal debt margin was \$192,852,408. The energy conservation debt margin was \$18,742,798, with an unvoted debt margin of \$2,154,755 at June 30, 2003.

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

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
UNAUDITED
(Continued)**

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, 2003**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$2,237,332
Receivables:	
Taxes	5,589,225
Accounts	23,262
Intergovernmental	209,200
Materials and Supplies Inventory	64,516
Prepaid Items	27,690
Capital Assets:	
Capital assets not subject to depreciation:	
Land	331,693
Capital assets, net of accumulated depreciation	3,240,021
Total Assets	11,722,939
Liabilities:	
Accounts Payable	41,717
Contracts Payable	14,706
Accrued Wages and Benefits	630,899
Intergovernmental Payable	316,643
Deferred Revenue	4,725,380
Noncurrent Liabilities:	
Due Within One Year	309,711
Due In More Than One Year	1,794,235
Total Liabilities	7,833,291
Net Assets:	
Invested in capital assets, net of related debt	2,156,938
Restricted for:	
Special Revenue	119,558
Capital Projects	176,515
Unrestricted	1,436,637
Total Net Assets	\$3,889,648

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, 2003**

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$762,247			(\$762,247)
Special	382,794			(382,794)
Vocational	3,932,311	296,959	230,554	(3,404,798)
Adult/Continuing	965,318	440,099	241,895	(283,324)
Other	2,573			(2,573)
Support Services:				
Pupils	869,131		194,523	(674,608)
Instructional Staff	980,659		302,765	(677,894)
Board of Education	61,487			(61,487)
Administration	673,860		10,603	(663,257)
Fiscal	425,381			(425,381)
Business	100,255		93,461	(6,794)
Operation and Maintenance of Plant	1,046,667			(1,046,667)
Pupil Transportation	208,921			(208,921)
Central	221,816		1,205	(220,611)
Operation of Non-Instructional Services	216,881	159,989	18,086	(38,806)
Extracurricular Activities	1,630		453	(1,177)
Interest and Fiscal Charges	98,372			(98,372)
	<u>\$10,950,303</u>	<u>\$897,047</u>	<u>\$1,093,545</u>	<u>(\$8,959,711)</u>
General Revenues:				
Property Taxes Levied for:				
General Purposes				5,499,638
Grants, Entitlements and Contributions not Restricted to Specific Programs				4,342,445
Investment Earnings				30,587
Other Revenue				259,852
			<u>Total General Revenues</u>	<u>10,132,522</u>
			Change in Net Assets	1,172,811
			Net Assets, Beginning of Year, as restated	<u>2,716,837</u>
			Net Assets, End of Year	<u>\$3,889,648</u>

See accompanying notes to the basic financial statements.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,705,340	\$531,992	\$2,237,332
Receivables:			
Taxes	5,589,225		5,589,225
Accounts	1,277	21,985	23,262
Intergovernmental		209,200	209,200
Due from Other Funds	162,158		162,158
Materials and Supplies Inventory	61,289	3,227	64,516
Prepaid Items	27,690		27,690
Total Assets	<u>7,546,979</u>	<u>766,404</u>	<u>8,313,383</u>
Liabilities:			
Accounts Payable	35,583	6,134	41,717
Contracts Payable		14,706	14,706
Accrued Wages and Benefits	588,972	41,927	630,899
Intergovernmental Payable	179,570	22,285	201,855
Compensated Absences Payable	16,600		16,600
Due to Other Funds		162,158	162,158
Deferred Revenue	5,016,198	120,544	5,136,742
Total Liabilities	<u>5,836,923</u>	<u>367,754</u>	<u>6,204,677</u>
Fund Balances:			
Reserved for:			
Encumbrances	117,912	177,482	295,394
Materials and Supplies Inventory	61,289	3,227	64,516
Prepaid Items	27,690		27,690
Property Taxes	573,027		573,027
Unreserved, Undesignated:			
General Fund	930,138		930,138
Special Revenue Funds		142,238	142,238
Capital Projects Funds		75,703	75,703
Total Fund Balances	<u>1,710,056</u>	<u>398,650</u>	<u>2,108,706</u>
Total Liabilities and Fund Balances	<u>\$7,546,979</u>	<u>\$766,404</u>	<u>\$8,313,383</u>

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, 2003**

Total Governmental Fund Balances	\$2,108,706
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.	3,571,714
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	411,362
Long-term liabilities, which are not due and payable in the current period and therefore are not reported in the funds	
Compensated Absences	(672,570)
Intergovernmental Payable	(114,788)
Capital Lease Payable	(264,263)
Note Payable	(74,943)
School Facilities Loan Payable	(399,570)
Energy Conservation Loan Payable	<u>(676,000)</u>
Net Assets of Governmental Activities	<u><u>\$3,889,648</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$5,468,110		\$5,468,110
Intergovernmental	4,342,445	972,538	5,314,983
Investment Earnings	30,493	94	30,587
Tuition and Fees		737,058	737,058
Charges for Services		159,989	159,989
Miscellaneous	227,545	32,307	259,852
Total Revenues	10,068,593	1,901,986	11,970,579
Expenditures:			
Current:			
Instruction:			
Regular	741,668		741,668
Special	361,562	7,209	368,771
Vocational	3,742,558	118,139	3,860,697
Adult/Continuing	339	944,905	945,244
Other	2,573		2,573
Support Services:			
Pupils	589,206	229,963	819,169
Instructional Staff	657,241	373,566	1,030,807
Board of Education	60,473		60,473
Administration	640,888	11,171	652,059
Fiscal	447,181	4,008	451,189
Business	96,963		96,963
Operation and Maintenance of Plant	1,008,950	119,900	1,128,850
Pupil Transportation	46,963	61,279	108,242
Central	123,213	93,927	217,140
Operation of Non-Instructional Services	91	183,180	183,271
Extracurricular Activities	1,000	630	1,630
Capital Outlay		231,618	231,618
Debt Service:			
Principal	121,036	111,357	232,393
Interest	92,807	5,565	98,372
Total Expenditures	8,734,712	2,496,417	11,231,129
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	1,333,881	(594,431)	739,450
Other Financing Sources (Uses):			
Inception of Capital Lease	21,003	84,295	105,298
Transfers In		671,492	671,492
Other Financing Uses	(21,003)	(84,295)	(105,298)
Transfers Out	(671,492)		(671,492)
Total Other Financing Sources (Uses)	(671,492)	671,492	
Net Change in Fund Balances	662,389	77,061	739,450
Fund Balance, Beginning of Year, as restated	1,047,667	321,589	1,369,256
Fund Balance, End of Year	\$1,710,056	\$398,650	\$2,108,706

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, 2003**

Total Net Change in Fund Balances - Total Governmental Funds	\$739,450
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	536,906
Current Year Depreciation	(406,117)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	152,535
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.	232,393
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	(37,527)
Intergovernmental Payable	(44,829)
Change in Net Assets of Governmental Activities	<u>\$1,172,811</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, 2003**

	Scholarship Private- Purpose Trust Funds	Agency Fund
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$5,513	\$27,785
Receivables:		
Accounts		105
Total Assets	5,513	27,890
Liabilities:		
Accounts Payable	43	250
Due to Students		27,640
Total Liabilities	43	\$27,890
Net Assets:		
Held in Trust for Scholarships	\$5,470	

See accompanying notes to the basic financial statements.

SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
CLARK COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Scholarship Private- Purpose Trust Funds
Additions:	
Miscellaneous	\$1,812
Deductions:	
Educational Outreach	<u>1,384</u>
Change in Net Assets	428
Net Assets, Beginning of Year	<u>5,042</u>
Net Assets, End of Year	<u><u>\$5,470</u></u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The School District is associated with one joint venture, three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Notes 17, 18 and 19 to the basic financial statements. These organizations are:

Joint Venture:

Early Childhood Education Center (the Center)

Jointly Governed Organizations:

Miami Valley Educational Computer Association (MVECA)

Southwestern Ohio Educational Purchasing Council (SOEPC)

Southwestern Ohio Instructional Technology Association (SOITA)

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Springfield-Clark County Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its 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 JUNE 30, 2003
(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. Nonmajor 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 JUNE 30, 2003
(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.

Nonexchange 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 nonexchange 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 JUNE 30, 2003
(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, 2003, 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 2003.

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 JUNE 30, 2003
(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 2003, 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 2003. 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, 2003.

The School District allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year was \$30,493, which included \$7,448 assigned from other School District funds. Interest was also recorded in the food service \$94.

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, 2003, 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 JUNE 30, 2003
(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. Fixed 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 fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not 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. Interfund 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 JUNE 30, 2003
(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 noncurrent 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, prepaid items, 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 JUNE 30, 2003
(Continued)**

3. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For fiscal year 2003, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements combine the governmental activities into one column. The beginning net asset amount for governmental programs reflect the change in fund balance for governmental funds at June 30, 2002, caused by the conversion to the new reporting model.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general fund.

B. Restatement of Fund Balances/Retained Earnings

During fiscal year 2003, the food service and uniform school supplies enterprise funds were reclassified to a nonmajor fund for GASB 34. These restatements had the following effect on fund balance of major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Non-Major</u>	<u>Total</u>
Fund Balance, June 30, 2002	\$721,285	\$605,946	\$1,327,231
Prior Period Adjustment	326,382	(326,382)	-
Reclassification of Funds	-	42,025	42,025
Adjusted Fund Balance, June 30 2002	<u>\$1,047,667</u>	<u>\$321,589</u>	1,369,256
Capital Assets, net			3,335,627
Long-Term Liabilities			(69,959)
Long-Term Compensated Absences			(635,043)
Long-Term (Deferred) Assets			258,827
Note Payable			(88,510)
Capital Leases Payable			(248,924)
Energy Conservation Loan Payable			(737,000)
School Facilities Loan Payable			<u>(467,437)</u>
Governmental Activities Net Assets, June 30, 2002			<u>\$2,716,837</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

3. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT OF FUND BALANCE (Continued)

The enterprise funds were reclassified to special revenue funds that are considered to be nonmajor for GASB 34. These restatements had the following effect on the retained earnings of the School District's enterprise fund type as previously reported.

	Enterprise
Retained Earnings, June 30, 2002	\$173,483
Capital Assets	(220,820)
Capital Leases Payable	89,362
Fund Reclassification	(42,025)
Restated Retained Earnings, June 30, 2002	\$0

4. ACCOUNTABILITY

The following funds have fund equity deficits as of June 30, 2003:

	Deficit Fund Equity
Special Revenue Funds:	
Adult Full Service Center Grant	\$2,700
Vocational Education Enhancement	3,037
Miscellaneous State Grants	3,754

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.

5. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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;
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 \$575 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".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,452,027 and the bank balance was \$1,538,815. Of the bank balance,

1. \$300,000 was covered by federal depository insurance, and;
2. \$1,238,815 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments: The School District's investments are 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, 2003, the fair value of funds on deposit with STAR Ohio was \$64,661.

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.

	Category 2	Category 3	Carrying/ Fair Value
Government Securities	\$753,367	-	\$753,367
STAR Ohio	-	-	64,661
	\$753,367	-	\$818,028

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:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$2,270,630	
Cash on Hand	(575)	
Investments:		
Government Securities	(753,367)	753,367
STAR Ohio	(64,661)	64,661
GASB Statement 3	\$1,452,027	\$818,028

6. 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 2003 for real and public utility property taxes represents collections of calendar 2002 taxes. Property tax payments received during calendar 2003 for tangible personal property (other than public utility property) is for calendar 2003 taxes.

2003 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, 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. 2003 public utility property taxes became a lien December 31, 2002, are levied after April 1, 2003, and are collected in 2003 with real property taxes.

2003 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

6. PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2003 taxes were collected are:

	<u>2003 First Half Collections</u>		<u>2002 Second Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$1,821,602,230	84.54%	\$1,800,259,450	83.94%
Public Utility	97,625,990	4.53%	91,465,560	4.26%
Tangible Personal Property	<u>235,527,096</u>	<u>10.93%</u>	<u>252,969,282</u>	<u>11.80%</u>
Total Assessed Value	<u>\$2,154,755,316</u>	<u>100.00%</u>	<u>\$2,144,694,292</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$3.00		\$3.00	

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, 2003, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2003. 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, 2003, was \$573,027 and is recognized as revenue in the General Fund.

7. RECEIVABLES

Receivables at June 30, 2003, 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:

	<u>Amount</u>
<u>Governmental Activities:</u>	
Adult Education	\$37,295
Vocational Education	147,705
Other Non-Major Funds	<u>24,200</u>
Total Intergovernmental Receivables	<u>\$209,200</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

8. CAPITAL ASSETS

	Balance, 6/30/2002 (as restated)	Additions	Deductions	Balance 6/30/2003
<u>Capital Assets, not being depreciated</u>				
Land	\$331,693	-	-	\$331,693
	<u>331,693</u>	<u>-</u>	<u>-</u>	<u>331,693</u>
<u>Capital Assets, being depreciated</u>				
Land Improvements	417,630	8,742	-	426,372
Buildings and Improvements	5,304,257	92,777	-	5,397,034
Furniture, Fixtures and Equipment	2,480,311	482,425	-	2,962,736
Vehicles	240,097	58,260	-	298,357
	<u>8,442,295</u>	<u>642,204</u>	<u>-</u>	<u>9,084,499</u>
<u>Less: Accumulated Depreciation</u>				
Land Improvements	(309,059)	(6,032)	-	(315,091)
Buildings and Improvements	(3,404,181)	(136,788)	-	(3,540,969)
Furniture, Fixtures and Equipment	(1,526,833)	(244,655)	-	(1,771,488)
Vehicles	(198,288)	(18,642)	-	(216,930)
	<u>(5,438,361)</u>	<u>(406,117)*</u>	<u>-</u>	<u>(5,844,478)</u>
Capital Assets, being depreciated, net	<u>3,003,934</u>	<u>236,087</u>	<u>-</u>	<u>3,240,021</u>
Capital Assets, net	<u>\$3,335,627</u>	<u>\$236,087</u>	<u>-</u>	<u>\$3,571,714</u>

* – Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$26,626
Special	12,897
Vocational	189,970
Adult/Continuing	19,865
Support Services:	
Pupil	28,762
Instructional Staff	42,288
Board of Education	567
Administration	26,538
Fiscal Services	13,895
Business	3,221
Operation and Maintenance of Plant	30,352
Pupil Transportation	4,134
Central	2,700
Operation of Non-Instructional Services	4,302
Total Depreciation Expense	<u>\$406,117</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

9. 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 2003, 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.

B. Workers' Compensation

For fiscal year 2003, 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.

10. 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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 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 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 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, 2003, 2002 and 2001 were \$185,340, 48,593 and \$154,603, respectively; 74.10 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

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.

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, 2003, plan members were required to contribute 9.3 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. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$719,652, \$431,939, and \$647,281 respectively; 84.19 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

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, 2003, 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.

11. 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, 2002, 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 \$3.011 billion on June 30, 2002. For the School District, this amount equaled \$51,404 during the 2003 fiscal year.

For the year ended June 30, 2002, net health care costs paid by STRS Ohio were \$354,697,000. There were 105,300 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, 2003, 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 2003, the minimum pay has been established at \$14,500. For the School, the amount to fund health care benefits, including the surcharge, was \$95,948 for fiscal year 2003.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

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.

12. 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.

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.

13. CAPITAL LEASES - LESSEE DISCLOSURE

In July, 1999, the School District entered into a capitalized lease for a press machine. The obligation was for a three year period and included a scheduled balloon payment of \$88,338 due in fiscal year 2003. During 2002, the School District issued a note payable in the amount of \$88,510 and paid off the lease to the lessor. Additionally, this lease was added to the capital assets. At June 30, 2003, the lease was paid in full with funds from the General Fund.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

13. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

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 in 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 in fiscal year 2003 totaled \$60,036 in the General Fund and \$29,923 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, 2003.

<u>Fiscal Year Ending June 30.</u>	
2004	\$106,338
2005	89,406
2006	62,920
2007	<u>13,411</u>
Total	272,075
Less: Amount Representing Interest	<u>(7,812)</u>
Present Value of Net Minimum Lease Payments	<u>\$264,263</u>

14. NOTE PAYABLE

During fiscal year 2002, the School District issued a note payable to payoff a capital lease obligation for equipment. The note was issued in the amount of \$88,510, at an interest rate of 3.51%, payable in 11 regular payments of \$1,625 with a final balloon payment of \$73,516 due August 2003. During fiscal year 2003, \$13,567 in principal was paid on the note. Debt expenditures are to be made from the Adult Education Fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

15. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2003 were as follows:

	Amount Outstanding June 30, 2002 as restated	Increase	Decrease	Amount Outstanding June 30, 2003	Amount Due Within One Year
Energy Conservation Loans 1993 - 2000 5.25% - 5.65%	\$52,000	-	\$26,000	\$26,000	\$26,000
Vocational School Building Assistance Fund Loan 1999 0.0%	467,437	-	67,867	399,570	66,084
School Energy Conservation Improvement Bonds 2000 4.60% - 6.25%	685,000	-	35,000	650,000	35,000
Note Payable	88,510	-	13,567	74,943	74,943
Capital Leases Payable	248,924	105,298	89,959	264,263	91,084
Compensated Absences	635,043	97,288	43,161	689,170	16,600
Total Governmental Activities	\$2,176,914	\$202,586	\$275,554	\$2,103,946	\$309,711

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.

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 \$192,852,408. The energy conservation debt margin was \$18,742,798, with an unvoted debt margin of \$2,154,755 at June 30, 2003.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

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, 2003, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$124,085	\$36,615	\$160,700
2005	103,085	33,478	136,563
2006	103,085	31,568	134,653
2007	103,085	29,638	132,723
2008	108,085	27,565	135,650
2009-2013	339,145	99,888	439,033
2014-2016	195,000	18,906	213,906
	<u>\$1,075,570</u>	<u>\$ 277,658</u>	<u>\$1,353,228</u>

16. INTERFUND ACTIVITY

As of June 30, 2003, principal components of interfund balances and transactions were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Vocational Education	General Fund	\$122,248
Uniform School Supplies		11,684
Other Non-Major Funds		28,226
		<u>\$162,158</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	301,393
Adult Education	296,510
Other Non-Major Funds	5,722
	<u>\$671,492</u>

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

17. 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, 2003. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

18. 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 \$23,563 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 2003, the School District paid \$67,672 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.

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 2003, the School District paid \$1,560 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

19. 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.

20. STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding 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.

21. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

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.

22. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

22. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

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.

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Cash Balance, As of June 30, 2002	\$(724,115)	-
Current Year Set-aside Requirement	99,900	99,900
Qualifying Disbursements	<u>(468,525)</u>	<u>(464,047)</u>
Total	<u>(1,092,740)</u>	<u>(364,147)</u>
Balance Carried Forward to FY 2004	<u>\$(1,092,740)</u>	<u>\$(364,147)</u>

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.

**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, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$5,925,117	\$6,077,297	\$5,265,412	(\$811,885)
Intergovernmental	3,860,799	3,860,799	4,342,445	481,646
Interest	7,771	7,771	26,599	18,828
Tuition and Fees	47,813	47,813	92,693	44,880
Miscellaneous	31,623	31,623	108,239	76,616
Total Revenues	<u>9,873,123</u>	<u>10,025,303</u>	<u>9,835,388</u>	<u>(189,915)</u>
Expenditures:				
Current:				
Instruction:				
Regular Instruction	394,665	701,669	698,794	2,875
Special Instruction	278,684	348,001	344,882	3,119
Vocational Instruction	5,216,838	3,896,257	3,887,961	8,296
Adult/Continuing Instruction	350	350	339	11
Support Services:				
Pupils	404,158	558,857	558,646	211
Instructional Staff	771,673	823,848	655,579	168,269
Board of Education	18,500	65,205	64,661	544
Administration:				
Fiscal	215,765	450,929	448,679	2,250
Business	90,013	98,793	95,496	3,297
Operation and Maintenance of Plant	867,950	1,118,862	1,102,885	15,977
Pupil Transportation	11,700	52,397	47,079	5,318
Central	28,850	168,330	134,605	33,725
Debt Service:				
Principal Retirement		170,338	149,338	21,000
Interest		18,850	39,654	(20,804)
Total Expenditures	<u>8,790,398</u>	<u>9,113,375</u>	<u>8,863,093</u>	<u>250,282</u>
Excess of Revenues Over (Under) Expenditures	<u>1,082,725</u>	<u>911,928</u>	<u>972,295</u>	<u>(440,197)</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	6,669	10,059	22,827	12,768
Advances In	103,296	155,806	353,561	197,755
Advances Out		(171,000)	(170,151)	849
Operating Transfers Out		(674,557)	(672,492)	2,065
Total Other Financing Sources (Uses)	<u>109,965</u>	<u>(679,692)</u>	<u>(466,255)</u>	<u>213,437</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>1,192,690</u>	<u>232,236</u>	<u>506,040</u>	<u>273,804</u>
Fund Balance, Beginning of Year	908,590	908,590	908,590	
Prior Year Encumbrances Appropriated	<u>151,370</u>	<u>151,370</u>	<u>151,370</u>	
Fund Balance, End of Year	<u><u>\$2,252,650</u></u>	<u><u>\$1,292,196</u></u>	<u><u>\$1,566,000</u></u>	<u><u>\$273,804</u></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, 2003**

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 2003.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(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, 2003
(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

	General Fund
GAAP Basis	\$662,389
Revenue Accruals	(233,205)
Expenditure Accruals	(128,381)
Advances	183,410
Refund of Prior Year Receipts/Expenditures	<u>21,827</u>
Budget Basis	<u><u>\$506,040</u></u>

**SPRINGFIELD CLARK JOINT VOCATIONAL SCHOOL
CLARK COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR YEAR ENDED JUNE 30, 2003
(CASH BASIS)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program - Commodities	LL-P1-03	10.550		\$3,637		\$3,443
National School Lunch Program	LL-P4-2002 LL-P4-2003	10.555	1,566 9,898		1,566 9,898	
Total National School Lunch Program			<u>11,464</u>		<u>11,464</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			11,464	3,637	11,464	3,443
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Adult Basic Education	AB-S1-00 AB-S1-02 AB-S1-03	84.002			165 4,678 107,745	
Total Adult Basic Education			<u>117,876</u>		<u>112,588</u>	
Vocational Education - Basic Grants to States	20-A0-02 20-A0-03 20-C1-03	84.048	45,444 8,500 305,203		45,444 10,000 446,901	
			<u>359,147</u>		<u>502,345</u>	
<i>Passed Through Ohio Hi-Point JVS:</i>						
Vocational Education - Basic Grants to States	CP111-A02	84.048	<u>42,187</u>		<u>42,187</u>	
Total Vocational Education - Basic Grants to States			401,334		544,532	
<i>Direct Receipt:</i>						
Pell Grant	N/A	84.063	68,671		68,671	
<i>Passed Through Ohio Department of Education:</i>						
Safe & Drug Free Schools	DR-S1-2003	84.186	286		1,591	
Math Science Subsidiary	MS-S1-2001 MS-S1-2002	84.281			572	
Total Math Science Subsidiary			<u>155</u>		<u>572</u>	
Innovative Education Program Strategy	C2-S1-2001 C2-S1-2002 C2-S1-2003	84.298			698 1,630 3,827	
Total Innovative Education Program Strategy			<u>689</u>		<u>6,155</u>	
Improving Teacher Quality Title II-A	TR-S1-03	84.367	<u>665</u>		<u>3,695</u>	
Total U.S. Department of Education			589,676		737,804	
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Ohio Department of Education</i>						
School to Work Administration	WK-BE-2002	17.249	<u>35,386</u>		<u>54,062</u>	
Total Federal Financial Assistance			<u>\$636,526</u>	<u>\$3,637</u>	<u>\$803,330</u>	<u>\$3,443</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, 2003**

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B -- NUTRITION CLUSTER

Nonmonetary 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 County 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, 2003, and have issued our report thereon dated May 7, 2004, wherein we noted the District implemented Governmental Accounting Standards Board Statement Number 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 7, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy'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 other 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 May 7, 2004.

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

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

Betty Montgomery
Auditor of State

May 7, 2004



**Auditor of State
Betty Montgomery**

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

Springfield-Clark County 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 County 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, 2003. 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 its major federal program for the year ended June 30, 2003.

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.

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



Betty Montgomery
Auditor of State

May 7, 2004

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
FISCAL YEAR END JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number 2003-001

Ohio Rev. Code Section 5705.39 prohibits a subdivision from making fund appropriations in excess of the estimated revenue available for expenditure from that fund. Total appropriations exceeded the amount certified as available by the budget commission at June 30, 2003 for the Special Revenue, Debt Service, and Capital Project Fund types. The more significant variances by fund are listed below:

	Est. Revenue	Appropriations	Variance
<i><u>Special Revenue Funds:</u></i>			
019-Other Grants	\$106,411	\$121,431	(\$15,020)
461-Vocational Ed. Enhancement		52,468	(52,468)
499-Misc. State Grants		25,000	(25,000)
524-Vocational Education	539,050	576,617	(37,567)
006-Food Service	41,526	205,189	(163,663)
012-Adult Education	1,089,635	1,233,336	(143,701)
<i><u>Debt Service:</u></i>			
002-Bond Retirement		67,868	(67,868)
<i><u>Capital Projects:</u></i>			
003-Permanent Improvement	194,120	397,000	(202,880)

Failure to properly monitor these variances could result in the commitment of anticipated revenue that may not become available.

The District should develop and implement procedures to monitor budgetary activity as it relates to appropriations and available resources to help enable the District to comply with budgetary requirements while providing a more accurate financial position throughout the year.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 §.315 (b)
FISCAL YEAR END JUNE 30, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
2002-10312-001	ORC Sec. 5705.39 – Appropriations exceed estimated resources	No	Not corrected. Treasurer is working on problem.
2002-10312-002	ORC Sec. 5705.41(B) – Expenditures exceeded appropriations	No	Not corrected. Repeated in separate letter to management.

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**Auditor of State
Betty Montgomery**

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800-282-0370
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SPRINGFIELD-CLARK JOINT VOCATIONAL SCHOOL DISTRICT

CLARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 17, 2004**