



**Auditor of State  
Betty Montgomery**



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

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Springfield-Clark County Joint Vocational School District, Clark County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Springfield-Clark County Joint Vocational School District, Clark County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the general-purpose financial statements, the District changed its method of accounting for governmental and proprietary fund type fixed assets. Additionally a capital lease was not recorded as an obligation of the District on the June 30, 2001 financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2003, 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.

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

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

**Betty Montgomery**  
Auditor of State

February 28, 2003

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

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2002**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,059,963	\$301,326		\$323,848
Receivables:				
Taxes	6,183,944			
Accounts	1,947			
Intergovernmental		46,653		
Interfund	19,266			
Prepaid Items	13,432			
Inventory of Supplies and Materials	66,908			
Inventory Held for Resale				
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount to be Provided for Retirement of General Long-Term Obligations				
Total Assets and Other Debits	<u>7,345,460</u>	<u>347,979</u>		<u>323,848</u>
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	62,257	48,376		1,725
Accrued Wages and Benefits	577,480	4,031		
Compensated Absences Payable	19,015	11		
Intergovernmental Payable	147,359	4,259		
Interfund Payable		3,877		3,602
Deferred Revenue	5,818,064			
Undistributed Monies				
Capital Lease Payable				
Energy Conservation Loan Payable				
School Facilities Loan Payable				
Total Liabilities	<u>6,624,175</u>	<u>60,554</u>		<u>5,327</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for:				
Encumbrances	103,827	105,903		128,004
Inventory of Supplies and Materials	66,908			
Property Taxes	365,880			
Unreserved				
Unreserved, Undesignated	184,670	181,522		190,517
Total Fund Equity and Other Credits	<u>721,285</u>	<u>287,425</u>		<u>318,521</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$7,345,460</u>	<u>\$347,979</u>	<u>\$0</u>	<u>\$323,848</u>

See accompanying notes to the general purpose financial statements.



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Asset	General Long-Term Obligation	
Enterprise	Trust and Agency			
\$81,497	\$30,242			\$1,796,876
				6,183,944
717				2,664
38,658				85,311
				19,266
				13,432
201				67,109
2,804				2,804
220,820		\$7,743,205		7,964,025
			\$1,988,474	1,988,474
<u>344,697</u>	<u>30,242</u>	<u>7,743,205</u>	<u>1,988,474</u>	<u>18,123,905</u>
18,985	1,000			132,343
11,441				592,952
24,135			635,043	678,204
15,607			69,959	237,184
11,684	103			19,266
				5,818,064
	24,097			24,097
89,362			79,035	168,397
			737,000	737,000
			467,437	467,437
<u>171,214</u>	<u>25,200</u>		<u>1,988,474</u>	<u>8,874,944</u>
		7,743,205		7,743,205
173,483				173,483
				337,734
				66,908
				365,880
	5,042			561,751
<u>173,483</u>	<u>5,042</u>	<u>7,743,205</u>		<u>9,248,961</u>
<u>\$344,697</u>	<u>\$30,242</u>	<u>\$7,743,205</u>	<u>\$1,988,474</u>	<u>\$18,123,905</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
<b>Revenues:</b>						
Taxes	\$5,158,991					\$5,158,991
Intergovernmental	4,296,797	\$914,641				5,211,438
Interest	34,650					34,650
Miscellaneous	152,424	45,937			\$2,338	200,699
<b>Total Revenues</b>	<b>9,642,862</b>	<b>960,578</b>			<b>2,338</b>	<b>10,605,778</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	203,973	1,816				205,789
Special	297,039					297,039
Vocational	4,375,931	86,057				4,461,988
Adult/Continuing	3,119	68,839				71,958
Other	5,502	930				6,432
Support Services:						
Pupils	524,133	286,950				811,083
Instructional Staff	688,377	227,518				915,895
Board of Education	44,815					44,815
Administration	539,483	7,844				547,327
Fiscal	452,853	2,500				455,353
Business	91,431	2,500				93,931
Operation and Maintenance of Plant	1,197,942			\$19,819		1,217,761
Pupil Transportation	45,528					45,528
Central	208,170	117,284			183	325,637
Operation of Non-Instructional Services		4,031				4,031
Extracurricular Activities		1,152			1,000	2,152
Capital Outlay				375,389		375,389
Debit Service:						
Principal Retirement	240,854		\$98,257			339,111
Interest and Fiscal Charges	20,957		38,390			59,347
<b>Total Expenditures</b>	<b>8,940,107</b>	<b>807,421</b>	<b>136,647</b>	<b>395,208</b>	<b>1,183</b>	<b>10,280,566</b>
Excess of Revenues Over (Under) Expenditures	702,755	153,157	(136,647)	(395,208)	1,155	325,212
<b>Other Financing Sources (Uses):</b>						
Inception of Capital Lease	28,671					28,671
Operating Transfers In	57,232	28,374	136,647	573,333		795,586
Operating Transfers Out	(1,275,319)					(1,275,319)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,189,416)</b>	<b>28,374</b>	<b>136,647</b>	<b>573,333</b>		<b>(451,062)</b>
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(486,661)	181,531		178,125	1,155	(125,850)
Fund Balances, Beginning of Year, as restated	1,204,989	105,894		140,396	3,887	1,455,166
Increase in Reserve for Inventory	2,957					2,957
<b>Fund Balances, End of Year</b>	<b>\$721,285</b>	<b>\$287,425</b>	<b>\$0</b>	<b>\$318,521</b>	<b>\$5,042</b>	<b>\$1,332,273</b>

See accompanying notes to the general purpose financial statements.

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$4,973,876	\$5,257,078	\$283,202			
Intergovernmental	4,349,593	4,374,347	24,754	\$748,463	\$880,366	\$131,903
Interest	33,066	34,841	1,775			
Compensation for Loss on Fixed Assets		572	572			
Miscellaneous	142,045	152,988	10,943		45,937	45,937
<b>Total Revenues</b>	<b>9,498,580</b>	<b>9,819,826</b>	<b>321,246</b>	<b>748,463</b>	<b>926,303</b>	<b>177,840</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	371,150	383,827	(12,677)		1,816	(1,816)
Special	225,266	292,789	(67,523)			
Vocational	4,143,653	4,388,686	(245,033)	142,267	140,589	1,678
Adult/Continuing	300	208	92	127,420	84,877	42,543
Other		450	(450)	5,500	930	4,570
Support Services:						
Pupils	521,115	526,572	(5,457)	324,463	318,102	6,361
Instructional Staff	819,250	767,125	52,125	274,018	272,713	1,305
Board of Education	62,966	42,075	20,891			
Administration	498,267	536,691	(38,424)	14,270	15,455	(1,185)
Fiscal	511,785	457,889	53,896	2,500	2,500	
Business	77,760	102,786	(25,026)		2,500	(2,500)
Operation and Maintenance of Plant	1,562,548	1,268,640	293,908			
Pupil Transportation	40,280	47,009	(6,729)			
Central	220,097	214,207	5,890	175,942	116,883	59,059
Operation of Non-Instructional Services						
Extracurricular Activities				1,500	1,152	348
Capital Outlay						
Debt Service:						
Principal Retirement	271,000	206,000	65,000			
Interest and Fiscal Charges	18,000	14,322	3,678			
<b>Total Expenditures</b>	<b>9,343,437</b>	<b>9,249,276</b>	<b>94,161</b>	<b>1,067,880</b>	<b>957,517</b>	<b>110,363</b>
<b>Excess of Revenues Over(Under) Expenditures</b>	<b>155,143</b>	<b>570,550</b>	<b>415,407</b>	<b>(319,417)</b>	<b>(31,214)</b>	<b>288,203</b>
<b>Other Financing Sources (Uses):</b>						
Refunds of Prior Year Expenditures	49,818	85,818	36,000			
Refund of Prior Year Receipts		22	22			
Advances In	434,691	434,691			1,700	1,700
Advances Out		(1,803)	(1,803)		(83,250)	(83,250)
Operating Transfers In		57,232	57,232		28,374	28,374
Operating Transfers Out	(1,352,000)	(1,280,562)	71,438			
<b>Total Other Financing Sources (Uses)</b>	<b>(867,491)</b>	<b>(704,602)</b>	<b>162,889</b>	<b>(53,176)</b>	<b>(53,176)</b>	<b>(53,176)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(712,348)</b>	<b>(134,052)</b>	<b>578,296</b>	<b>(319,417)</b>	<b>(84,390)</b>	<b>235,027</b>
Fund Balance, Beginning of Year	829,664	829,664		126,465	126,465	
Prior Year Encumbrances Appropriated	212,978	212,978		105,356	105,356	
<b>Fund Balance, End of Year</b>	<b>\$330,294</b>	<b>\$908,590</b>	<b>\$578,296</b>	<b>(\$87,596)</b>	<b>\$147,431</b>	<b>\$235,027</b>

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
						\$1,750	\$2,338	\$588
						1,750	2,338	588
			\$8,500	\$8,500				
				92,770	(\$92,770)			
						290	287	3
						200	152	48
						1,969		1,969
			564,833	421,942	142,891			
\$98,257	\$98,257							
37,807	38,390	(\$583)						
136,064	136,647	(583)	573,333	523,212	50,121	2,459	439	2,020
(136,064)	(136,647)	(583)	(573,333)	(523,212)	50,121	(709)	1,899	2,608
							81	81
	136,647	136,647		573,333	573,333			
	136,647	136,647		573,333	573,333		81	81
(136,064)		136,064	(573,333)	50,121	623,454	(709)	1,980	2,689
			138,004	138,004		4,103	4,103	
			5,995	5,995		40	40	
<u>(\$136,064)</u>	<u>\$0</u>	<u>\$136,064</u>	<u>(\$429,334)</u>	<u>\$194,120</u>	<u>\$623,454</u>	<u>\$3,434</u>	<u>\$6,123</u>	<u>\$2,689</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales	\$164,476
Tuition	534,971
Other Revenue	17,962
	717,409
<b>Operating Expenses:</b>	
Salaries	652,371
Fringe Benefits	135,231
Purchased Services	103,204
Supplies and Materials	173,387
Cost of Sales	2,835
Depreciation	31,901
Other	16,666
	1,115,595
Total Operating Expenses	1,115,595
Operating Loss	(398,186)
<b>Non-Operating Revenues/(Expenses):</b>	
Interest	190
Federal and State Subsidies	301,417
Federal Donated Commodities	2,942
Debt Service- Interest Expense	(6,887)
	297,662
Total Non-Operating Revenues/(Expenses)	297,662
Net Loss Before Operating Transfers	(100,524)
Operating Transfers In	479,734
Net Income	379,210
Retained Deficit, Beginning of Year, as restated	(205,727)
Retained Earnings, End of Year	\$173,483

*See accompanying notes to the general purpose financial statements.*

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

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Enterprise</b>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$705,846
Other Operating Revenues	17,937
Cash Payments for Employee Services and Benefits	(833,808)
Cash Payments to Suppliers for Goods and Services	(296,789)
Other Operating Expenses	(17,022)
Net Cash Used by Operating Activities	(423,836)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Federal and State Subsidies	261,607
Refund of Prior Year Expense	356
Advances Out	(351,441)
Operating Transfers from Other Funds	479,734
Net Cash Provided by Noncapital Financing Activities	390,256
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal Payments- Capital Lease	(3,913)
Interest Payments - Capital Lease	(6,887)
Net Cash Provided by Capital and Related Financing Activities	(10,800)
<b>Cash Flows from Investing Activities:</b>	
Interest	190
Net Decrease in Cash and Cash Equivalents	(44,190)
Cash and Cash Equivalents, Beginning of Year	126,043
Cash and Cash Equivalents, End of Year	81,853
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>	
Operating Loss	(398,186)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>	
Depreciation	31,901
Donated Commodities Received	2,942
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	6,018
(Increase) Decrease in Intergovernmental Receivables	(38,658)
(Increase) Decrease in Supplies Inventory	(71)
(Increase) Decrease in Inventory Held for Resale	(499)
Increase (Decrease) in Accounts Payable	(20,198)
Increase (Decrease) in Accrued Wages Payable	4,667
Increase (Decrease) in Intergovernmental Payable	(40,028)
Increase (Decrease) in Deferred Revenue	39,121
Increase (Decrease) in Compensated Absences	(10,845)
Net Cash Used by Operating Activities	(\$423,836)

**Non-cash Investing, Capital & Financing Activities:**

During the fiscal year, the Food Service- Enterprise Fund used materials and supplies inventory valued \$37,170. This inventory was donated to the District and no cash payments were made to acquire the inventory. An expense for this usage was included in the operating loss of the fund and therefore donated commodities must be recognized as an adjustment to reconcile to net cash used for operating activities.

*See accompanying notes to the general purpose financial statements*

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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Enterprise Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Sales	\$178,565	\$164,476	(\$14,089)
Tuition and Fees		541,370	541,370
Federal and State Subsidies	12,250	261,607	249,357
Other Revenues	1,000	16,267	15,267
Total Revenues	<u>191,815</u>	<u>983,720</u>	<u>791,905</u>
<b>Expenses:</b>			
Salaries and Wages	947,169	658,549	288,620
Fringe Benefits	225,107	175,259	49,848
Purchased Services	92,619	96,440	(3,821)
Materials and Supplies	327,243	205,797	121,446
Capital Outlay			
Other	6,000	17,022	(11,022)
Total Expenses	<u>1,598,138</u>	<u>1,153,067</u>	<u>445,071</u>
Excess of Revenues Over (Under) Expenses	<u>(1,406,323)</u>	<u>(169,347)</u>	<u>1,236,976</u>
<b>Other Financing Sources (Uses):</b>			
Interest		190	190
Refund of Prior Year Expense		356	356
Debt Service- Principal Payments		(3,913)	(3,913)
Debt Service- Interest Payments		(6,887)	(6,887)
Advances Out		(351,442)	(351,442)
Operating Transfers In		479,734	479,734
Total Other Financing Sources (Uses)	<u>-</u>	<u>118,038</u>	<u>118,038</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	<u>(1,406,323)</u>	<u>(51,309)</u>	<u>1,355,014</u>
Fund Equity, Beginning of Year	34,006	34,006	-
Prior Year Encumbrances Appropriated	<u>92,037</u>	<u>92,037</u>	<u>-</u>
Fund Equity, End of Year	<u>\$ (1,280,280)</u>	<u>\$ 74,734</u>	<u>\$ 1,355,014</u>

*See accompanying notes to the general purpose financial statements*



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

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

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

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; 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 GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

Joint Venture:

Early Childhood Education Center (the Center)

Jointly Governed Organizations:

Miami Valley Educational Computer Association (MVECA)  
Southwestern Ohio Educational Purchasing Council (SOEPC)  
Southwestern Ohio Instructional Technology Association (SOITA)

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis Of Presentation – Fund Accounting**

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**A. Basis Of Presentation – Fund Accounting (continued)**

**1. Governmental Fund Types:**

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

**General Fund**

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

**Special Revenue Funds**

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

**Debt Service Fund**

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

**Capital Projects Funds**

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

**2. Proprietary Fund Type:**

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

**Enterprise Funds**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**3. Fiduciary Fund Types:**

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

**4. Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term obligations related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

**General Long-Term Debt Account Group**

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**B. Measurement Focus and Basis of Accounting (continued)**

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

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

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

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

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

**C. Budgetary Data**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal 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.

**1. Tax Budget**

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

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

**3. Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level 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 the fund level of control. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, one supplemental appropriation was 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

**D. Cash and Cash Equivalents**

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

The School District only invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2002 amounted to \$34,650. The General Fund amount includes \$13,757 assigned from other School District funds. The Food Service Enterprise Fund received interest of \$190.

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

**E. Inventory**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**F. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**G. Intergovernmental Revenues**

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

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

**Entitlements:**

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

**Non-Reimbursable Grants:**

- Special Revenue Funds
  - Economic Education
  - Career Education
  - Vocational Education
  - Teacher Development
  - Education Management Information Systems
  - Adult Basic Education
  - Title II
  - Title VI
  - Interactive Video Grant
  - SchoolNet Professional Development
  - A.B.L.E.
  - Conflict Management Grant
  - High School That Works
  - Pell Grant



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**Reimbursable Grants:**

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

Grants and entitlements received in governmental funds amounted to 48.23 percent of governmental fund revenue during the 2002 fiscal year.

**H. Compensated Absences**

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

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

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

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

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

**J. Interfund Transactions**

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**K. Interfund Assets/Liabilities**

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

**L. Fund Balance Reserves**

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

**M. Estimates**

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

**N. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure is reported in the year in which services are consumed.

**O. Total Columns on General Purpose Financial Statements**

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

**3. RESTATEMENT OF FUND BALANCE/ RETAINED EARNINGS AND ACCOUNT GROUP AND COMPLIANCE**

**A. Restatement of Fund Balance/ Retained Earnings and Account Group**

The following represent restatements in fund balance at the beginning of the year for the General Fund and the Adult Education Enterprise Fund, and a restatement in the general fixed asset account group balance at the beginning of the year:

**SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**3. RESTATEMENT OF FUND BALANCE/ RETAINED EARNINGS AND ACCOUNT GROUP AND COMPLIANCE (Continued)**

	<u>General</u>	<u>Enterprise</u>
Fund Balance/ Retained Earnings, June 30, 2001	\$991,848	\$(152,032)
Restatements:		
Interfund Loans previously not recorded	213,141	(213,141)
Press Machine Lease Obligation previously not recorded		(93,275)
Fixed Assets previously not recorded		355,332
Accumulated Depreciation previously not recorded	-	(102,611)
Restated Fund Balance/ Retained Earnings, June 30, 2001	<u>\$1,204,989</u>	<u>\$(205,727)</u>

In July, 1999, the School District entered into a capitalized lease for a press machine. This lease was not recorded as an obligation of the School District on the June 30, 2001, financial statements. Additionally this lease was added to the fixed assets.

In fiscal year 2000 an advance for fund repayment was inaccurately posted as a transfer. The advance was not recorded as interfund activity on the June 20, 2000 financial statements.

Additionally, the School District did not present general fixed assets on its financial statements for the fiscal year ended June 30, 2001. However, during fiscal year 2002, the School District had an independent inventory firm appraise its fixed assets. During this process, Land and improvement, Buildings and improvements, and Furniture, Fixtures, and Equipment, and Vehicles were valued by indexing estimated current costs back to the estimated year of acquisition to obtain estimated historical cost. In performing the inventory, the firm valued all assets as of the end of the fiscal year ended June 30, 2001.

Note 8 presents the restated fixed asset values as of July 1, 2001, and includes a reconciliation of fiscal year 2002 additions and deletions in the general fixed asset account group. Enterprise fund retained earnings impact as of June 30, 2001 is shown above.

The adjustments above restated the "excess of revenue and other financing sources over/(under) expenditures and other financing uses" as previously reported in the General Fund at June 30, 2001, from (\$649,068) to (\$435,927). Net Loss at June 30, 2001, for the Enterprise Fund was restated from (\$185,805) to (\$212,500).

**B. Compliance**

Ohio Rev. Code § 5705.39 states that the total appropriations from each fund should not exceed the total estimated resources for the respective fund. Further, no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources.

The following School District funds had appropriations in excess of estimated resources at June 30, 2002:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**3. RESTATEMENT OF FUND BALANCE/ RETAINED EARNINGS AND ACCOUNT GROUP AND COMPLIANCE (Continued)**

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Special Revenue Funds:			
Vocational Education Grant Fund	\$485,499	\$569,827	(\$84,328)
Miscellaneous Federal Grants Fund	57,832	86,553	(28,721)
Debt Service Fund:			
Bond Retirement Fund:	0	136,064	(136,064)
Capital Projects Funds:			
Permanent Improvement Fund:	135,498	573,333	(437,835)
Enterprise Funds:			
Uniform School Supplies Fund:	12,161	39,850	(27,689)
Adult Education Fund:	168	1,266,701	(1,266,533)

Ohio Rev. Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures plus outstanding encumbrances exceeded appropriations and carryover encumbrances at the fund level which is the legal level of budgetary control as of the dates indicated:

<u>Fund Type/ Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
As of October 31, 2001:			
Capital Projects Funds:			
Permanent Improvement Fund	\$130,000	\$405,419	(\$275,419)
As of May 31, 2002:			
Special Revenue Funds:			
Other Grants (019) Fund	64,437	101,757	(37,320)
Vocational Education Fund	59,159	394,256	(335,097)
Miscellaneous Federal Grants Fund	10,061	54,635	(44,574)
Debt Service Fund:			
Bond Retirement Fund:	40,000	86,254	(46,254)
Capital Projects Funds:			
Permanent Improvement Fund:	130,000	648,660	(518,660)
Enterprise Funds:			
Adult Education Fund:	774,740	1,244,185	(469,445)

**4. BUDGETARY BASIS OF ACCOUNTING**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING**

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

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$(486,661)	\$ 181,531	\$ 178,125	\$ 1,155
Adjustments:				
Revenue Accruals	176,986	(34,275)	-	
Expenditure Accruals	(223,351)	(150,096)	(128,004)	744
Inception of Capital Lease	(28,671)	-	-	-
Advances	432,888	(81,550)	-	81
Transfers	(5,243)	-	-	-
Budget Basis	<u>\$(134,052)</u>	<u>\$ (84,390)</u>	<u>\$ 50,121</u>	<u>\$ 1,980</u>

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

	<u>Enterprise</u>
GAAP Basis	\$ 379,210
Adjustments:	
Revenue Accruals	266,311
Expense Accruals	(37,116)
Donated Commodities	(2,942)
Federal and State Subsidies	(301,417)
Advances	(351,442)
Debt Principal	(3,913)
Budget Basis	<u>\$ (51,309)</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

**Cash on Hand:** At fiscal year end, the School District had \$550 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$1,732,585 and the bank balance was \$2,044,740. Of the bank balance:

1. \$300,000 was covered by federal depository insurance; and
2. \$1,744,740 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments:** The School Districts investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School Districts name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School Districts name. The School District's investment in STAR Ohio, an investment pool operated by the Ohio Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. STAR Ohio had a fair value of \$63,741 at June 30, 2002.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

	<b>Cash and Cash Equivalents/ <u>Deposits</u></b>	<b><u>Investments</u></b>
GASB Statement 9	\$ 1,796,876	\$ -
Cash on Hand	(550)	-
Investment of the Cash Management Pool:		
STAR Ohio	<u>(63,741)</u>	<u>63,741</u>
GASB Statement 3	\$ <u>1,732,585</u>	\$ <u>63,741</u>

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar year 2002 for tangible personal property (other than public utility property) is for calendar year 2002 taxes.

2002 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. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2001. Collections are made in 2002. 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<sup>st</sup>; if paid semiannually, the first payment is due December 31<sup>st</sup> with the remainder payable June 20<sup>th</sup>. 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<sup>th</sup>. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30<sup>th</sup>; if paid semiannually, the first payment is due April 30<sup>th</sup>, with the remainder payable by September 20<sup>th</sup>.



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**6. PROPERTY TAXES (Continued)**

Assessed values upon which fiscal year 2002 taxes were collected are:

	<b>2001 Second- Half Collections</b>		<b>2002 First- Half Collections</b>	
	<b><u>Amount</u></b>	<b><u>Percent</u></b>	<b><u>Amount</u></b>	<b><u>Percent</u></b>
Agricultural/Residential and Other Real Estate	\$ 1,590,789,840	81.67%	\$ 1,800,259,450	83.94%
Public Utility	121,340,870	6.23	91,465,560	4.26
Tangible Personal Property	<u>235,803,312</u>	<u>12.10</u>	<u>252,969,282</u>	<u>11.80</u>
Total Assessed Value	<u>\$ 1,947,934,022</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, 2002, are available to finance fiscal year 2002 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, 2002. 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, 2002, was \$365,880 and is recognized as revenue in the General Fund.

**7. RECEIVABLES**

Receivables at June 30, 2002, consisted of property taxes, accounts (student fees), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of intergovernmental receivables follows:

	<b><u>Amounts</u></b>
<b><u>Special Revenue Funds:</u></b>	
Vocation Education	\$ 46,627
Teacher Development	\$ <u>26</u>
Total Special Revenue Funds	\$ 46,653
 <b><u>Enterprise Funds:</u></b>	
Adult Education	\$ <u>38,658</u>
Total All Funds	\$ <u>85,311</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**8. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2002 follows:

Furniture and Equipment	\$355,332
Less Accumulated Depreciation	<u>(134,512)</u>
Net Fixed Assets	<u>\$220,820</u>

A summary of the general fixed asset account group at June 30, 2002 follows:

<u>Asset Category</u>	<u>(Restated) Balance at July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2002</u>
Land and Improvements	\$ 417,630	\$ 0	\$ 0	\$ 417,630
Buildings and Improvements	5,062,257	242,000	0	5,304,257
Furniture, Fixtures, and Equipment	1,603,907	177,314	0	1,781,221
Vehicles	<u>202,455</u>	<u>37,642</u>	0	<u>240,097</u>
Total	<u>\$ 7,286,249</u>	<u>\$ 456,956</u>	<u>\$ 0</u>	<u>\$ 7,743,205</u>

General Fixed Assets as of July 1, 2001 are restated from the fiscal year ending June 30, 2001 balance, as discussed in Note 3.

**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 2002, the School District contracted with Nationwide Insurance Company for general liability and fleet insurance. Property is protected by Consolidated Insurance.

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

**B. Workers' Compensation**

For fiscal year 2002, 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

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**

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

**Funding Policy** - Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll, of the 14%, 5.46% was used to fund the pension obligation. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions to SERS for the years ended June 30, 2002, 2001, and 2000 were \$48,593, \$161,237, and \$154,603, respectively; 19.7 percent has been contributed for the fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$39,017 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the state or any political subdivision thereof. Any member who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

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

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

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

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

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

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Eligible spouses and dependents of active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 of \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Benefits are established by Chapter 3307, Revised Code.

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2002, were 9.3% of covered payroll for members and 14% for employers, of the 14%, 9.5% was used to fund the pension obligation. The School District's required contributions to STRS Ohio for the years ended June 30, 2002, 2001, and 2000 were \$431,939, \$640,142, and \$647,281, respectively; 82.75 percent has been contributed for the fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$74,499 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's 2002 *Comprehensive Annual Financial Report* will be available after January 1, 2003, and can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, eight members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**11. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2002, the healthcare allocation is 8.54%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2002, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$90,599.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002 the Retirement System's net assets available for payment of health care benefits was \$335.2 million. The number of benefit recipients currently receiving health care benefits is approximately 50,000.

**B. State Teachers Retirement System**

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

The R.C. grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS Ohio shall be included in the employer contribution rate, currently 14% of covered payroll. For the School District, this amount equaled \$204,603 for fiscal year 2002.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS (Continued)**

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2002, the board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.011 billion on June 30, 2002. 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.

**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. This lease was not recorded as an obligation of the School District on the June 30, 2001 financial statements. An adjustment is reflected in the accompanying financial statements to the beginning fund equity in the Enterprise Fund, as described in Note 3. This obligation is for a three year period and includes a scheduled balloon payment of \$88,338, due in fiscal year 2003. Additionally, this lease was added to the fixed assets.

In fiscal year 2000, the School District entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements in the General Fund. These expenditures are reported as function expenditures on the budgetary statements.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**13. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)**

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

A liability was recorded in the General Long-Term Debt Account Group. This amount represents the present value of the minimum lease payments at the time the lease was entered into. Principal payments in fiscal year 2002 totaled \$34,854 in the General Fund

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

<u>Fiscal Year Ending June 30,</u>	<u>Enterprise</u>	<u>GLTDAG</u>
2003	\$ 91,038	\$ 41,516
2004	0	41,516
2005	<u>0</u>	<u>1,795</u>
Total	91,038	84,827
Less: Amount Representing Interest	<u>(1,676)</u>	<u>(5,792)</u>
Present Value of Net Minimum Lease Payments	\$ <u>89,362</u>	\$ <u>79,035</u>

**14. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	<u>Principal Outstanding 6/30/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Principal Outstanding 6/30/02</u>
Energy Conservation Loans				
1993 – 2000 5.25% - 5.65%	\$ 258,000	\$ -	\$206,000	\$ 52,000
Vocational School Building Assistance Fund Loan				
1999 0.00%	535,694	-	68,257	467,437
School Energy Conservation Improvement Bonds				
2000 4.60% - 6.25%	<u>715,000</u>	<u>-</u>	<u>30,000</u>	<u>685,000</u>
Total Long-Term Debt	<u>1,508,694</u>	<u>-</u>	<u>304,257</u>	<u>1,204,437</u>
Capital Leases	85,218	28,671	34,854	79,035
Intergovernmental Payable	83,140	69,959	83,140	69,959
Compensated Absences	<u>450,752</u>	<u>184,291</u>	<u>-</u>	<u>635,043</u>
Total General Long-Term Obligations	<u>\$2,127,804</u>	<u>\$282,921</u>	<u>\$422,251</u>	<u>\$1,988,474</u>

**Energy Conservation Loan** – On July 9, 1993, Springfield-Clark County Joint Vocational School District issued \$1,400,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for Springfield-Clark County Joint Vocational School District under authority of the Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for an eight-year period with final maturity during fiscal year 2002. The loan is being retired from the General Fund.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

The School District's overall legal debt margin was \$191,818,049. The energy conservation debt margin was \$18,565,249, with an unvoted debt margin of \$2,144,694 at June 30, 2002.

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, 2002, are as follows:

<b>Fiscal year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2003	\$ 124,085	\$ 39,616	\$ 163,701
2004	124,085	36,615	160,700
2005	103,085	33,478	136,563
2006	103,085	31,568	134,653
2007	103,085	29,638	132,723
2008 – 2012	397,012	113,546	510,558
2013 – 2016	<u>250,000</u>	<u>32,812</u>	<u>282,812</u>
	<u>\$ 1,204,437</u>	<u>\$ 317,273</u>	<u>\$ 1,521,710</u>



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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**15. INTERFUND ACTIVITY**

As of June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ <u>19,266</u>	\$ <u>      -</u>
Special Revenue Funds:		
Other Grants Fund	-	1,700
Miscellaneous Federal Grants	<u>      -</u>	<u>2,177</u>
Total Special Revenue Funds	<u>      -</u>	<u>3,877</u>
Capital Project Fund:		
Permanent Improvement	<u>      -</u>	<u>3,602</u>
Enterprise Funds:		
Uniform School Supplies	<u>      -</u>	<u>11,684</u>
Fiduciary Funds:		
Expendable Trust	-	81
Agency	<u>      -</u>	<u>22</u>
Total Fiduciary Funds	<u>      -</u>	<u>103</u>
Total All Funds	\$ <u>19,266</u>	\$ <u>19,266</u>

**16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Springfield-Clark County Joint Vocational School District as of and for the fiscal year ended June 30, 2002.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 180,174	56,198	481,037	717,409
Operating Income (Loss)	(32,905)	16,349	(381,986)	(398,542)
Interest	190	-	-	190
Federal and State Subsidies	15,213	-	286,204	301,417
Federal Donated Commodities	2,942	-	-	2,942
Operating Transfers In	-	3,352	476,382	479,734
Net Income	(14,560)	19,701	374,069	379,210
Net Working Capital	31,145	21,525	(75,872)	(23,202)
Total Assets	74,309	33,209	237,179	344,697
Long-Term Compensated Absences Payable	24,135	-	-	24,135
Total Equity	36,406	21,525	115,552	173,483
Encumbrances Outstanding at June 30, 2002	350	-	6,411	6,761

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**17. JOINT VENTURE, JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL**

**A. Joint Venture**

**Early Childhood Education Center** – The Springfield-Clark County Joint Vocational School District entered into an agreement with Clark State Community College to operate the Early Childhood Education Center (the Center). Clark State Community College is acting as the fiscal agent. The Joint Vocational School District has a financial responsibility to the Center to finance any operating deficits based upon a formula in the agreement. The Center incurred an operating profit for the fiscal year ended June 30, 2002. To obtain financial information, write to Joe Jackson, who serves as Vice President of Business Affairs, at 570 East Leffel Lane, Post Office Box 570, Springfield, Ohio 45501.

**B. Jointly Governed Organizations**

**Miami Valley Educational Computer Association** – The School District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Xenia and Hillsboro. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The School District paid MVECA \$38,214 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 2002, the School District paid \$40,451 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2002, the School District paid \$3,300 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**C. Insurance Purchasing Pool**

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

**18. STATE SCHOOL FUNDING DECISION**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**19. SET ASIDE CALCULATIONS**

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

**19. SET ASIDE CALCULATIONS (Continued)**

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 2001	\$ (147,402)	\$ -	\$ 29,221
Current year set aside requirement	79,921	79,921	-
Qualifying disbursements	<u>(656,634)</u>	<u>(669,413)</u>	<u>(29,221)</u>
Total	<u>(724,115)</u>	<u>(589,492)</u>	\$ -
Balance carried forward to FY 2003	\$ <u>(724,115)</u>	\$ <u>(356,969)</u>	

**20. CONTINGENCIES**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

**21. SUBSEQUENT EVENTS**

On August 28, 2002, the District entered a loan agreement with a financial institution to finance the payoff of the Enterprise Fund Capital Lease described in Note 13. This financing was used to payoff the capital lease obligation for the press machine. The terms of the loan agreement include a principal balance of \$88,510 and an interest rate of 3.51%. The loan is for the period August 28, 2002 through August 28, 2003 and includes scheduled monthly payments, along with a balloon payment of \$73,516 due on August 28, 2003.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program - Commodities	LL-P1-01	10.550				\$1,133
	LL-P1-02			\$2,408		989
Total Food Distribution Program - Commodities				2,408		2,122
National School Lunch Program	LL-P4-01	10.555	\$2,442		\$2,442	
	LL-P4-02		10,728		10,728	
Total National School Lunch Program			13,170		13,170	
Total United States Department of Agriculture - Nutrition Cluster			13,170	2,408	13,170	2,122
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Adult Basic Education	AB-S1-02C	84.002	72,912		68,234	
Vocational Education - Basic Grants to States	20-C1-01	84.048	45,824		94,048	
	20-C1-02		415,385		344,304	
<i>Passed through Ohio Hi-Point JVS</i>						
Vocational Education - Basic Grants to States	CP111-A02		39,839		39,839	
Total Vocational Education - Basic Grants to States			501,048		478,191	
<i>Passed Through Ohio Department of Education</i>						
Innovative Education Program Strategy	C2-S1-2001	84.298	1,154		981	
	C2-S1-2002		2,233		1,257	
Total Innovative Education Program Strategy			3,387		2,238	
Math Science Subsidy	MS-S1-2002	84.281	1,641			
<i>Direct Receipt:</i>						
Pell Grant	N/A	84.063	40,865		58,007	
Total United States Department of Education			619,854		606,670	
<b>UNITED STATES DEPARTMENT OF LABOR</b>						
<i>Passed Through Ohio Department of Education</i>						
School to Work Administration	WK-BE-2001	17.249	18,660		28,111	
<b>Total Federal Financial Assistance</b>			<b>\$651,684</b>	<b>\$2,408</b>	<b>\$647,951</b>	<b>\$2,122</b>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DISTRIBUTION**

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 all matching requirements. The expenditures of non-Federal matching funds are not included on the Schedule.



## **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 Springfield-Clark County Joint Vocational School District, Clark County (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated February 28, 2003, in which we noted the District has changed its method of accounting for governmental and proprietary fund type fixed assets, and a capital lease was not recorded as an obligation of the District on the June 30, 2001, financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-10312-001 and 2002-10312-002.

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

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted 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 February 28, 2003.

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Springfield-Clark County Joint Vocational School District  
Clark County  
Independent Accountants' Report on Compliance and on  
Internal Control Required By *Government Auditing Standards*  
Page 2

This report is intended for the information and use of 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

February 28, 2003





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM 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 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 the major federal program for the year ended June 30, 2002. 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 Springfield-Clark County Joint Vocational School District, Clark County, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

#### 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.

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**Internal Control Over Compliance  
(Continued)**

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

This report is intended for the information and use of 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

February 28, 2003

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2002**

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

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

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

**FINDING NUMBER 2002-10312-001**

**Ohio Rev. Code § 5705.39** states that the total appropriations from each fund should not exceed the total estimated resources for the respective fund. Further, no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources.

The following funds had significant appropriations in excess of estimated resources at June 30, 2002:

<u>Fund Type/ Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<b>Special Revenue Funds:</b>			
Vocational Education Grant Fund	\$485,499	\$569,827	(\$84,328)
Miscellaneous Federal Grants Fund	57,832	86,553	(28,721)
<b>Debt Service Fund:</b>			
Bond Retirement Fund:	0	136,064	(136,064)
<b>Capital Projects Funds:</b>			
Permanent Improvement Fund:	135,498	573,333	(437,835)
<b>Enterprise Funds:</b>			
Uniform School Supplies Fund:	12,161	39,850	(27,689)
Adult Education Fund:	168	1,266,701	(1,266,533)

The District should develop and implement procedures to properly monitor its budgetary expectations relating to appropriations and available resources. This would enable the District to comply with budgetary requirements while limiting the risk of spending more than is available. When additional money becomes available, the District should amend its certificates and appropriations accordingly if the funds are intended to be spent.

**FINDING NUMBER 2002-10312-002**

**Ohio Rev. Code § 5705.41 (B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures plus outstanding encumbrances exceeded appropriations and carryover encumbrances at the fund level which is the legal level of budgetary control as of the dates indicated below:

<u>Fund Type/ Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<b>As of October 31, 2001:</b>			
<b>Capital Projects Funds:</b>			
Permanent Improvement Fund	\$130,000	\$405,419	(\$275,419)
<b>As of May 31, 2001:</b>			
<b>Special Revenue Funds:</b>			
Other Grants (019) Fund	64,437	101,757	(37,320)
Vocational Education Fund	59,159	394,256	(335,097)
Miscellaneous Federal Grants Fund	10,061	54,635	(44,574)
<b>Debt Service Fund:</b>			
Bond Retirement Fund:	40,000	86,254	(46,254)
<b>Capital Projects Funds:</b>			
Permanent Improvement Fund:	130,000	648,660	(518,660)
<b>Enterprise Funds:</b>			
Adult Education Fund:	774,740	1,244,185	(469,445)

**FINDING NUMBER 2002-10312-002**  
**(Continued)**

The District should develop and implement procedures to properly monitor its budgetary expenditures relating to available appropriations. This would enable the District to comply with budgetary requirements while limiting the risk of a deficit spending situation.

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

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 §.315 (b)  
JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-20321-001	Ohio Rev. Code § 5705.41 (D)	Yes	N/A
2001-20321-002	Ohio Rev. Code § 5705.41 (B)	No	Not Corrected. Treasurer is working to correct the problem. Repeated as Finding Number 2002-10312-002
2001-20321-003	Ohio Rev. Code § 5705.39	No	Not Corrected. Treasurer is working to correct the problem. Repeated as Finding Number 2002-10312-001
2001-20321-004	Student Activities Control Procedures	Yes	N/A
2001-20321-005	Fixed Assets	No	Partially Corrected. Repeat as Management Letter comment.



**Auditor of State  
Betty Montgomery**

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800-282-0370  
Facsimile 614-466-4490

**SPRINGFIELD-CLARK COUNTY 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  
APRIL 3, 2003**