MIAMI VALLEY CAREER TECHNOLOGY CENTER

Basic Financial Statements

June 30, 2004

Auditor of State
Betty Montgomery

Board of Education
Miami Valley Career Technology Center
6800 Hoke Rd.
Clayton, OH 45315

We have reviewed the Independent Auditor's Report of the Miami Valley Career Technology Center, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Miami Valley Career Technology Center is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

May 11, 2005

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P&A PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS
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April 19, 2005

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Valley Career Technology Center, (the Center) as of and for the year ended June 30, 2004, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

As described in Note 20, for the fiscal year ended June 30, 2004, the Center reclassified activity formerly reported in the enterprise funds and as a business type activity to special revenue funds and governmental activity.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 19, 2005 on our consideration of the Center'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 Management's Discussion and Analysis and the budgetary information is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Plattenburg & Associates, Inc.
Certified Public Accountants

MIAMI VALLEY CAREER TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2004
(Unaudited)

The discussion and analysis of Miami Valley Career Technology Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the Center's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2004 are as follows:

- Net assets of governmental activities increased $2,837,365 which represents a 13.1% increase from 2003.

- General revenues accounted for $27,003,033 in revenue or 81.2% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $6,238,268 or 18.8% of total revenues of $33,241,301.

- Total assets of governmental activities increased by $3,467,658 as taxes receivable increased by $489,796 and cash and other receivables decreased by $2,525,855.

- The Center had $30,403,936 in expenses related to governmental activities; $6,238,268 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $27,003,033 were also used to provide for these programs.

- As a major fund, the General Fund had $25,890,067 in revenues and $28,045,847 in expenditures. The General Fund balance decreased from $12,914,114 to $9,678,334. The Adult Education Fund had $3,259,261 in revenues and $4,085,179 in expenditures. The Adult Education Fund balance decreased from $576,440 to ($249,478).

Using this Basic Financial Report

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

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

Reporting the Center as a Whole

Statement of Net Assets and the Statement of Activities

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

These two statements report the Center's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Center as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the overall financial position of the Center is presented in the following manner:

- Governmental Activities – Most of the Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major fund begins on the balance sheet. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds.

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

The Center as a Whole

As stated previously, the Statement of Net Assets looks at the Center as a whole.

Table 1 provides a summary of the Center's net assets for 2003 compared to 2004:

Table 1
Net Assets

	Governmental Activities	
	2003 Restated	2004
Assets		
Current and Other Assets	$32,041,322	$30,005,263
Capital Assets	8,755,569	14,259,286
Total Assets	40,796,891	44,264,549
Liabilities		
Long-Term Liabilities	2,762,034	3,073,220
Other Liabilities	16,402,740	16,721,847
Total Liabilities	19,164,774	19,795,067
Net Assets		
Invested in Capital Assets Net of Debt	8,755,569	14,259,286
Restricted	2,179,821	2,125,819
Unrestricted	10,696,727	8,084,377
Total Net Assets	$21,632,117	$24,469,482

Total assets increased $3,467,658. Equity in pooled cash and cash equivalents decreased $3,081,163. Taxes receivable increased $489,796. Total liabilities increased $630,293, resulting in a net asset increase of $2,837,365. The increase in Capital Assets is due to construction in progress on the cafeteria.

Table 2 shows the change in net assets for fiscal year 2004.

Table 2
Changes in Net Assets

	Governmental Activities	
	2003 Restated	2004
Revenues		
Program Revenues:		
Charges for Services	$2,585,591	$2,682,785
Operating Grants	2,863,915	3,555,483
Total Program Revenues	5,449,506	6,238,268
General Revenue:		
Property Taxes	13,009,825	14,836,798
Grants and Entitlements	11,896,888	11,840,996
Other	387,069	325,239
Total General Revenue	25,293,782	27,003,033
Total Revenues	30,743,288	33,241,301
Program Expenses:		
Instruction	17,989,123	19,132,883
Support Services:		
Pupil and Instructional Staff	2,868,285	3,002,370
General and School Administrative, Fiscal and Business	2,483,919	2,934,859
Operations and Maintenance	2,640,662	3,121,375
Pupil Transportation	148,272	62,843
Central	1,812,815	1,982,937
Operation of Non-Instructional Services	408,498	166,669
Total Expenses	28,351,574	30,403,936
Increase (decrease) in Net Assets	2,391,714	2,837,365
Beginning Net Assets	19,240,403	21,632,117
Ending Net Assets	$21,632,117	$24,469,482

The Center had an increase in revenues from 2003 to 2004 of $2,498,013. The Center had an increase in property taxes for 2004 of $1,826,973 and an increase in Operating Grants and Contributions of $691,568. The property tax revenue increase was due to an increase in the Center's tax base. The increase in Operating Grants and Contributions was due to an increase in funding from grant sources.

The Center's program expenses increased $2,052,362, which was caused mainly by instructional expenditures (wages, etc.) and operations and maintenance expenditures (utilities, maintenance, repairs, etc.)

Governmental Activities

The Center's revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 80.3% of the Center's revenues for governmental activities.

The Center depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00.

Thus Ohio Centers do not receive additional property tax revenue from an increase in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 44.6% of revenue for governmental activities for the Center in fiscal year 2004.

Instruction comprises 63% of governmental program expenses. Support services expenses were 36.5% of governmental program expenses. All other expenses were .5%. There was no interest expense for the Center.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2003 Restated	2004	2003 Restated	2004
Instruction	$17,989,123	$19,132,883	($14,407,110)	($15,023,737)
Support Services:				
Pupil and Instructional Staff	2,868,285	3,002,370	(2,114,300)	(1,929,135)
Board, Administration, Fiscal and Business	2,483,919	2,934,859	(2,407,003)	(2,884,730)
Operations and Maintenance	2,640,662	3,121,375	(2,639,146)	(3,120,447)
Pupil Transportation	148,272	62,843	(148,272)	(62,843)
Central	1,812,815	1,982,937	(1,147,597)	(1,103,556)
Operation of Non-Instructional Services	408,498	166,669	(38,820)	(41,220)
Extracurricular Activities	0	0	180	0
Total Expenses	$28,351,574	$30,403,936	($22,902,068)	($24,165,668)

The Center's Funds

Information about the Center's major funds is presented in the Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $32,573,047 and expenditures and other financing uses of $36,644,231. The net change in fund balance for the year was ($4,071,184), or (27.1%).

General Fund Budgeting Highlights

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

During the course of fiscal 2004, the Center amended its General fund budgets; however none were significant. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the Center revised the Budgets in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was $26,015,701, compared to original budget estimates of $26,819,674. Of the $803,973 difference, most was due to an over-estimate for taxes and intergovernmental revenue.

The Center's ending unobligated cash balance for the General Fund was $653,881 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the Center had $14,259,286 invested in land, buildings and equipment. Table 4 shows fiscal 2004 balances compared to fiscal 2003:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2003 Restated	2004
Land	$3,639,000	$3,639,000
Construction in Progress	0	5,816,195
Buildings and Improvements	2,877,530	2,561,889
Equipment	2,239,039	2,242,202
Total Net Assets	$8,755,569	$14,259,286

The increase in capital assets is due to $6,093,964 in acquisitions, offset by the recognition of $590,247 in depreciation expense. This Center continues its ongoing commitment to maintaining and improving its capital assets.

Debt

At June 30, 2004, the Center had no outstanding debt.

For the Future

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school Centers with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not "equitable" nor "adequate". The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court's concerns.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. Financially, the future of the Center is not without challenges. Management must diligently plan future expenditures.

The Center has committed itself to financial excellence for many years. This report represents the first report using this new financial reporting model. In addition, the Center's system of budgeting and internal controls is well regarded. All of the Center's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the Center's finances, the Center's management is confident that the Center can continue to provide a quality education for our students and provide a secure financial future.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Debbie Gossett, Treasurer at Miami Valley Career Technology Center, 6800 Hoke Road, Clayton, Ohio 45315. Or E-mail at dgossett@mvctc.com.

Miami Valley Career Technology Center
Statement of Net Assets
June 30, 2004

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$13,801,045
Restricted Cash and Investments	73,220
Receivables:	
Taxes	14,866,486
Accounts	193,672
Intergovernmental	1,070,840
Nondepreciable Capital Assets	9,455,195
Depreciable Capital Assets, Net	4,804,091
Total Assets	44,264,549
Liabilities:	
Accounts Payable	1,229,823
Accrued Wages and Benefits	2,581,174
Deferred Revenue	12,910,850
Long-Term Liabilities:	
Due Within One Year	272,758
Due In More Than One Year	2,800,462
Total Liabilities	19,795,067
Net Assets:	
Invested in Capital Assets, Net of Related Debt	14,259,286
Restricted for:	
Special Revenue	872,063
Capital Projects	1,180,536
Set-Aside	73,220
Unrestricted	8,084,377
Total Net Assets	$24,469,482

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Statement of Activities
For the Fiscal Year Ended June 30, 2004

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$4,017,977	$31,185	$0	($3,986,792)
Special	421,166	0	0	(421,166)
Vocational	13,815,551	2,237,123	1,536,337	(10,042,091)
Other	878,189	8,753	295,748	(573,688)
Support Services:				
Pupil	1,360,295	0	464,773	(895,522)
Instructional Staff	1,642,075	0	608,462	(1,033,613)
General Administration	52,090	0	44,254	(7,836)
School Administration	1,693,707	0	5,875	(1,687,832)
Fiscal	687,067	0	0	(687,067)
Business	501,995	0	0	(501,995)
Operations and Maintenance	3,121,375	928	0	(3,120,447)
Pupil Transportation	62,843	0	0	(62,843)
Central	1,982,937	325,105	554,276	(1,103,556)
Operation of Non-Instructional Services	166,669	79,691	45,758	(41,220)
Total Governmental Activities	30,403,936	2,682,785	3,555,483	(24,165,668)

General Revenues:	
Property Taxes Levied for:	
General Purposes	14,836,798
Grants and Entitlements not Restricted to Specific Programs	11,840,996
Payment in Lieu of Taxes	2,300
Unrestricted Contributions	46,493
Investment Earnings	185,985
Other Revenues	90,461
Total General Revenues and Transfers	27,003,033
Change in Net Assets	2,837,365
Net Assets Beginning of Year (Restated)	21,632,117
Net Assets End of Year	$24,469,482

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Balance Sheet
Governmental Funds
June 30, 2004

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	$11,872,511	$308,972	$1,619,562	$13,801,045
Restricted Cash and Investments	73,220	0	0	73,220
Receivables:				
Taxes	14,866,486	0	0	14,866,486
Accounts	2,877	189,660	1,135	193,672
Intergovernmental	0	12,961	1,057,879	1,070,840
Interfund	505,391	0	0	505,391
Total Assets	27,320,485	511,593	2,678,576	30,510,654
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	1,081,613	51,351	96,859	1,229,823
Accrued Wages and Benefits	2,334,151	221,610	0	2,555,761
Compensated Absences	107,300	4,703	0	112,003
Special Termination Benefits Payable	17,500	0	0	17,500
Interfund Payable	0	483,407	21,984	505,391
Deferred Revenue	14,101,587	0	1,057,879	15,159,466
Total Liabilities	17,642,151	761,071	1,176,722	19,579,944
Fund Balances:				
Reserved for Encumbrances	2,199,789	78,914	855,357	3,134,060
Reserved for Property Tax Advances	764,899	0	0	764,899
Reserved for Set-Aside	73,220	0	0	73,220
Unreserved, Undesignated, Reported in:				
General Fund	6,640,426	0	0	6,640,426
Special Revenue Funds	0	(328,392)	290,080	(38,312)
Capital Projects Funds	0	0	356,417	356,417
Total Fund Balances	9,678,334	(249,478)	1,501,854	10,930,710
Total Liabilities and Fund Balances	$27,320,485	$511,593	$2,678,576	$30,510,654

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
June 30, 2004

Total Governmental Fund Balance		$10,930,710
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		14,259,286
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	1,175,437	
Intergovernmental	1,073,179	
		2,248,616
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Pension Obligation	(25,413)	
Compensated Absences	(2,943,717)	
		(2,969,130)
Net Assets of Governmental Activities		$24,469,482

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$13,661,360	$0	$0	$13,661,360
Tuition and Fees	40,002	2,199,567	0	2,239,569
Investment Earnings	185,985	0	0	185,985
Intergovernmental	11,847,621	993,653	1,982,396	14,823,670
Extracurricular Activities	0	0	7,103	7,103
Charges for Services	0	0	353,271	353,271
Other Revenues	155,099	66,041	457	221,597
Total Revenues	25,890,067	3,259,261	2,343,227	31,492,555
Expenditures:				
Current:				
Instruction:				
Regular	3,916,258	0	0	3,916,258
Special	409,800	0	0	409,800
Vocational	9,079,133	3,710,921	407,773	13,197,827
Other	14,912	259,627	534,298	808,837
Support Services:				
Pupil	1,095,449	0	257,609	1,353,058
Instructional Staff	1,210,559	0	387,105	1,597,664
General Administration	52,090	0	0	52,090
School Administration	1,564,306	18,037	49,674	1,632,017
Fiscal	682,774	0	1,036	683,810
Business	499,212	0	0	499,212
Operations and Maintenance	3,124,346	0	0	3,124,346
Pupil Transportation	59,664	0	0	59,664
Central	1,776,435	0	192,088	1,968,523
Operation of Non-Instructional Services	70,075	96,594	0	166,669
Capital Outlay	4,490,834	0	1,603,130	6,093,964
Total Expenditures	28,045,847	4,085,179	3,432,713	35,563,739
Excess of Revenues Over (Under) Expenditures	(2,155,780)	(825,918)	(1,089,486)	(4,071,184)
Other Financing Sources (Uses):				
Transfers In	0	0	1,080,492	1,080,492
Transfers (Out)	(1,080,000)	0	(492)	(1,080,492)
Total Other Financing Sources (Uses)	(1,080,000)	0	1,080,000	0
Net Change in Fund Balance	(3,235,780)	(825,918)	(9,486)	(4,071,184)
Fund Balance Beginning of Year (Restated)	12,914,114	576,440	1,511,340	15,001,894
Fund Balance End of Year	$9,678,334	($249,478)	$1,501,854	$10,930,710

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balance - Total Governmental Funds			($4,071,184)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.			
Capital assets used in governmental activities		6,093,964	
Depreciation Expense		(590,247)	
			5,503,717
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Delinquent Property Taxes	1,175,437		
Intergovernmental	573,309		
			1,748,746
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Pension Obligation	(10,922)		
Compensated Absences	(332,992)		
			(343,914)
Change in Net Assets of Governmental Activities			$2,837,365

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	$11,575	$22,061
Receivables:		
Intergovernmental	0	15,300
Total Assets	11,575	$37,361
Liabilities:		
Accounts Payable	0	8,570
Deferred Revenue	0	15,300
Other Liabilities	0	13,491
Total Liabilities	0	$37,361
Net Assets:		
Held in Trust	11,575	
Total Net Assets	$11,575	

See accompanying notes to the basic financial statements.

Miami Valley Career Technology Center
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2004

	Private Purpose Trust
Additions:	
Investment Earnings	$118
Total Additions	118
Deductions:	
Other	250
Total Deductions	250
Change in Net Assets	(132)
Net Assets Beginning of Year	11,707
Net Assets End of Year	$11,575

See accompanying notes to the basic financial statements.

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1. DESCRIPTION OF THE CENTER

Miami Valley Career Technology Center (Center) is a joint vocational school as defined by Section 3311.18 of the Ohio Revised Code and 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. A vocational school exposes high school and adult students to academic preparation and job training which lead to employment and/or further education upon graduation from high school. Miami Valley Career Technology Center includes twenty-seven member school districts throughout Montgomery, Butler, Champaign, Darke, Miami, Preble, Shelby and Warren counties. The first official body designated as the Miami Valley Career Technology Center Board of Education was formed in November 1967.

The Center operates under a board comprised of seventeen individuals. These individuals are elected to the board of the member schools districts, and are then appointed by their respective boards, except in counties with few member school districts. These counties have the County Educational Service Center appoint the individual to the Board, instead of all member school districts in the county appointing the individual.

The Center is a jointly governed organization, legally separate from other organizations. The Board of Education of the Miami Valley Career Technology Center is not directly elected, although no other School District appoints a voting majority of the Board. None of the school districts that appoint Board members are financially accountable for the Miami Valley Career Technology Center.

The reporting entity is comprised of the jointly governed organization, component units and other organizations that are included to insure that the financial statements of the Center are not misleading. The jointly governed organization consists of all funds, departments, boards and agencies that are not legally separate from the Center. For Miami Valley Career Technology Center, this includes general operations and student related activities of the Center.

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

The Center is associated with four jointly governed organizations, one related organization and one public entity risk pool. These organizations are:

Jointly Governed Organizations:
- Metropolitan Dayton Educational Computer Association
- Southwestern Ohio Educational Purchasing Cooperative
- Southwestern Ohio Instructional Technology Association
- Ohio Association of Joint Vocational School Superintendents
- The Dayton Area Superintendent's Association

Related Organization:
- Miami Valley Career Technology Center Education Foundation

Public Entity Risk Pool:
- Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan

REPORTING ENTITY

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The Center is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the Center for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the Center's financial statements include only the funds and account groups of those organizational entities for which its elected governing body is financially accountable. The Center's major operations include education, pupil transportation, food service, and maintenance of Center facilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

MEASUREMENT FOCUS

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Center are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

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

Fund Financial Statements

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

Fiduciary Funds are reported using the economic resources measurement focus.

FUND ACCOUNTING

The Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Center are grouped into the categories governmental and fiduciary.

Governmental Funds

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

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

Adult Education – The adult education is used to account for educational opportunities offered on a tuition basis to adults living within the community.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center has a private purpose trust fund which accounts for scholarship programs for students. The Center has a student activity agency fund which accounts for assets and liabilities generated by student managed activities.

BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, included 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. 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 year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as any expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Cash received by the Center is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

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

The Center has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. 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 Rule2A7 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, 2004.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2004 amounted to $185,985.

INVENTORY

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventory consists of food held for resale and consumable supplies. The Center had no inventory at year end.

CAPITAL ASSETS

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of one thousand dollars ($1,000). The Center does not possess any infrastructure. Improvements are capitalized; 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. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings	30 - 50 years
Building Improvements	15 - 30 years
Equipment	5 - 15 years

RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A corresponding fund balance reserve has also been established.

COMPENSATED ABSENCES

The Center reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The Center's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

Vacation	Certified	Administrators	Non-Certificated
How Earned	Not Eligible	20 days per year or 2.08-2.50 per month	10-20 days for each service year depending on length of service
Maximum Accumulation	Not Applicable	Up to 2 years	Up to 2 years
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination
Sick Leave			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	275 days	275 days	275 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	1/4 paid upon retirement (up to 220 days) 15% beyond 220 days	1/4 paid upon retirement (up to 275 days) 15% beyond 275 days, but limited to 110 days	1/4 paid upon retirement (up to 220 days) 15% beyond 220 days

NET ASSETS

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

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

INTERFUND ACTIVITY

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

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, set-aside and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

ESTIMATES

The preparation of 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.

3. CASH AND CASH EQUIVALENTS

The Center maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments".

State statute requires the classification of monies held by the Center into three categories:

<u>Active Monies</u> - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the Center. Such monies must by law be maintained either as cash in the Center treasury, in depository accounts payable or withdrawable on demand.

<u>Inactive Monies</u> – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

<u>Interim Monies</u> – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

(1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

(2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.

(3) Repurchase agreements in the securities enumerated above.

(4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.

(5) Bonds, and other obligations of the State of Ohio.

(6) The Ohio State Treasurer's investment pool (STAR Ohio).

(7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

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

Deposits – At the year end, the carrying amount of the Center's deposits was $3,690,997. The bank balance of deposits was $4,154,494 of which $100,000 was covered by federal depository insurance. The remaining balance of $4,054,494 was covered by 105% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the Center's name.

Investments – The Center's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3):

Category 1 includes investments that are insured or registered or for which the securities are held by the Center or its agent in the Center's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Center's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the Center's name.

Based on the above criteria, the Center's investments at year-end are classified as follows:

Description	Category 3	Carrying Amount/ Fair Value
Federal Agency Security	$8,569,237	$8,569,237
Money Market Fund*	0	32,587
State Treasury Pool*	0	1,615,080
Total Investments	$8,569,237	$10,216,904

*The Center's Investment in the Ohio State Treasury Pool and money market fund are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution; provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

4. PROPERTY TAXES

Real property taxes collected in 2004 were levied after April 1, 2003 on the assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2004, each business was eligible to receive a $10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2004, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The Center records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2004. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2004 on the fund statements. The entire amount of delinquent taxes receivable is recognized as a revenue on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2004, was $764,899 for General Fund and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2004 operations.

The assessed value, by property classification, upon which taxes collected in 2004 were based as follows:

Tangible and Public Utility Personal	$909,411,632
Real Estate	5,912,338,220
Total Assessed Property Value	$6,821,749,852

5. RECEIVABLES

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

6. CAPITAL ASSETS

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

	Restated Beginning Balance	Additions	Deductions	Ending Balance
Government Activities				
Capital Assets, not being depreciated:				
Land	$3,639,000	$0	$0	$3,639,000
Construction in Progress	0	5,816,195	0	5,816,195
Capital Assets, being depreciated:				
Buildings and Improvements	12,245,415	0	0	12,245,415
Equipment	5,808,200	277,769	249,573	5,836,396
Total Capital Assets, being depreciated	18,053,615	277,769	249,573	18,081,811
Totals at Historical Cost	$21,692,615	$6,093,964	$249,573	$27,537,006
Less Accumulated Depreciation:				
Buildings and Improvements	$9,367,885	$315,641	$0	$9,683,526
Equipment	3,569,161	274,606	249,573	3,594,194
Total Accumulated Depreciation	$12,937,046	$590,247	$249,573	$13,277,720
Governmental Activities Capital Assets, Net	$8,755,569	$5,503,717	$0	$14,259,286

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$36,450
Special	10,199
Vocational	495,684
Other	11,574
Support Services:	
Instructional Staff	1,719
School Administration	9,774
Fiscal	850
Business	425
Operations and Maintenance	8,361
Pupil Transportation	3,667
Central	11,544
Total Depreciation Expense	$590,247

7. LONG-TERM LIABILITIES

Governmental Activities:	Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding	Due In One Year
Compensated Absences	$1,322,034	$549,795	$258,609	$1,613,220	$272,758
Special Termination Benefits	1,440,000	72,500	52,500	1,460,000	0
Total Governmental Activities Long-Term Liabilities	$2,762,034	$622,295	$311,109	$3,073,220	$272,758

Compensated absences and special termination benefits will be paid from the fund from which the person is paid.

8. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 10% of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14% of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09% of annual covered salary was the portion being used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were $176,282, $224,812, and $258,171 respectively; 78% has been contributed for fiscal year 2004 and 100% for fiscal year 2003 and 2002.

STATE TEACHERS RETIREMENT SYSTEM

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

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

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

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

The Center's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were $1,985,764, $1,930,663, and $1,948,100 respectively; 86% has been contributed for fiscal year 2004 and 100% for fiscal year 2003 and 2002.

9. POST EMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 1% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the Center, this amount equaled $141,840 during the 2004 fiscal year. As of June 30, 2004, eligible benefit recipients totaled 111,853. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were $268,739,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based upon years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91% of covered payroll. 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 year 2004, the minimum pay has been established at $24,500. The surcharge rate 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 Center, this amount equaled $61,825 during the 2004 fiscal year. The number of participants currently receiving health care benefits is approximately 62,000. For the fiscal year ended June 30, 2004, net health care costs paid by SERS were $223,443,805.

10. EMPLOYEE BENEFITS

<u>Special Termination Benefits</u>

Employees who retire June 30, 2004, with at least 10 years experience were given a special termination benefit. For employees with at least ten years of service with the Center, the benefit was $10,000 for certified and classified employees. For employees with at least twenty years of service with the Center, the benefit was $15,000 for certified and classified employees. The employee must have at least ten years of service with the Center, and the final five years must be consecutive and be in a paid status immediately prior to retirement. Also, the benefit is only available for those employees who first become eligible to retire during fiscal year 2004. Notice of retirement must be given by March 30 for the special termination benefit to be payable. The benefit will be paid in two equal installments, with the first installment to be paid on the first business day in the following January. The second installment will be paid by the following July 30.

<u>Insurance Benefits</u>

The Center provides life insurance and accidental death and dismemberment insurance to most employees through Connecticut General Life Insurance. Medical/surgical benefits are provided through United Health Care and Anthem. Dental insurance is provided through Community Mutual.

Social Security System

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

11. CONTINGENT LIABILITIES

GRANTS

The Center receives significant financial assistance from numerous federal, state and local 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Center as of June 30, 2004.

LITIGATION

The Center's attorney estimates that all other potential claims against the Center not covered by insurance resulting from all other litigation would not materially affect the financial statements of the Center.

12. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION, AND PUBLIC ENTITY RISK POOL

A. Jointly Governed Organizations

Metropolitan Dayton Educational Computer Association

The Metropolitan Dayton Educational Computer Association (MDECA) is a jointly governed organization consisting of Dayton area school districts. The jointly governed 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. MDECA is governed by a board of directors consisting of superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board.

Southwestern Ohio Educational Purchasing Cooperative

The Southwestern Ohio Educational Purchasing Cooperative (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The Montgomery County Educational Service Center acts as the Fiscal Agent for the group. 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, of 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 by the Fiscal Agent. 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. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Robert Brown, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377-1171.

Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after nominating committee nominates individuals to run. One at-large non-public representative is elected by the non-public school SOITA members as 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, state or local government for a public purpose. Payments to SOITA are made from the General Fund. 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.

Ohio Association of Joint Vocational School Superintendents

The Ohio Association of Joint Vocational School Superintendents (OAJVSS) is a not-for-profit organization. The purpose of the OAJVSS is to encourage and foster the ideal of vocational education as a worthy and integral part of the total educational system. The governing body of the organization is the Executive Committee. The Executive Committee consists of the Board of Directors and officers. The Board of Directors consists of five members selected by the membership of OAJVSS. Members of the Board of Directors serve staggered three year terms. The Board of Directors is responsible for electing officers of the organization. Officers include a President, a Vice-President, a Secretary and a Treasurer. All member districts are required to pay membership fees. Payments to OAJVSS are made from the General Fund.

To obtain financial information, write to the Ohio Association of Joint Vocational School Superintendents, Ed Perkins, who serves as President, at the Warren County Career Center, 3525 North State Route 48, Lebanon, Ohio 45036.

The Dayton Area Superintendent's Association

The Dayton Area Superintendent's Association (DASA) is an organization formed by area school Superintendents. The purpose of the organization is to serve as a forum for practicing superintendents to present problems, seek solutions, reach consensus and take appropriate action to resolve issues. The organization also shares information among its members and provides, on a contractual basis, in service education for the school management team.

Membership in the organization is open to the greater Dayton area school system superintendents, assistant superintendents, directors, and professional staff members of institutions of higher education, and/or Region IX of the Buckeye Association of School Administrators. Region IX presently includes Champaign, Clark, Darke, Greene, Miami, Montgomery, Preble, Shelby, and Warren Counties. The Executive Committee is comprised of eight representatives of DASA member schools or institutions. The members of the Executive Committee are elected annually in each county. The County Superintendent of each county is responsible for the nomination and election of their representative.

All member schools are obligated to pay all dues and fees established by the Executive Committee. To obtain financial information, write to The Dayton Area Superintendent's Association, Buddy Coffey, who serves as DASA Executive Secretary, at 451 West Third Street, Dayton, Ohio 45422-1040.

B. Related Organization

Miami Valley Career Technology Center Education Foundation

The Miami Valley Career Technology Center Education Foundation is a legally separate body politic. The board members of the Miami Valley Career Technology Center Education Foundation are appointed by the Center. The Center is not able to impose its will of the Miami Valley Career Technology Center Education Foundation and no financial benefit and/or burden relationship exists. The Miami Valley Career Technology Education Foundation is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. To obtain financial information write to the Miami Valley Career Technology Center Education Foundation, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315-9740.

C. Public Entity Risk Pool

Southwestern Ohio Educational Purchasing Cooperative

The Center participates in the Southwestern Ohio Educational Purchasing Cooperative 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.

13. OHIO SCHOOLS COUNCIL

The Center participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued $119,140,000 in debt to pre-purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

14. RISK MANAGEMENT

A. Property and Liability

The Center 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 the current fiscal year, the Center contracted with Chubb Insurance for general, property, and vehicle liability insurance. Coverages provided are as follows:

Building and Contents-replacement cost ($2,500 deductible)	$49,407,025
Crime Insurance ($500 deductible)	10,000
Automobile Liability ($1,000 deductible)	1,000,000
Uninsured Motorists ($1,000 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

For fiscal year, the Center participated in the Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Centers is calculated as one experience and a common premium rate is applied to all Centers in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings 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.

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

16. COMPLIANCE AND ACCOUNTABILITY

The following funds had a deficit fund balance at year end:

Fund	Excess
Special Revenue:	
Adult Basic Education	$249,478

The above funds have deficit fund balances due to the accruals for GAAP and also due to the timing of reimbursement for goods and/or services rendered.

17. FUND BALANCE RESERVES FOR SET-ASIDES

The Center 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.

For fiscal year ended June 30, 2004, the Center was no longer required to set aside funds in the budget reserve set-aside, with the exception of refund monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2003	($4,315,329)	$ 0	$ 73,220
Current Year Set-aside Requirement	285,959	285,959	0
Qualified Disbursements	(1,732,186)	(753,882)	0
Current Year Offsets	0	0	0
Set-Aside Reserve Balance as of June 30, 2004	$ 0	$ 0	$ 73,220
Restricted Cash as of June 30, 2004	$ 0	$ 0	$ 73,220
Amount Carried Forward to FY2005	($5,761,556)	$ 0	$ 0

Qualifying disbursements for capital activity during the year exceeded the amount required for the set-aside. Qualifying disbursements and carryover from prior years for textbooks totaled $6,047,515, resulting in $5,761,556 for carryover to offset textbook requirements in future years.

18. CONSTRUCTION AND OTHER COMMITMENTS

At June 30, 2004, uncompleted construction contracts are as follows:

Description	Remaining Commitment
South Building Renovation	$537,055
Cafetorium	961,109

19. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2004, consisted of the following individual fund receivables and payables:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	$505,391	$0	$0	$1,080,000
Adult Education	0	483,407	0	0
Nonmajor Funds:				
Adult Basic Education	0	21,984	0	0
Eisenhower Professional Development	0	0	0	492
Improving Teacher Quality	0	0	492	
Building	0	0	1,080,000	0
Total Nonmajor Funds	0	21,984	1,080,492	492
Total All Funds	$505,391	$505,391	$1,080,492	$1,080,492

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed. Interfund transfers are eliminated on the statement of activities.

20. PRIOR PERIOD ADJUSTMENT

The beginning net asset/fund balances of other governmental funds, enterprise and governmental activities have been adjusted for the reclassification of enterprise funds and correction to capital asset detail as follows:

	Other Governmental Funds	Enterprise	Governmental Activities
June 30, 2003 Fund Balance/ Net Assets, as previously stated	$1,326,085	$185,255	$21,472,172
Fund Reclassification	185,255	(185,255)	185,255
Net Capital Assets	0	0	(25,310)
June 30, 2003 Fund Balance/ Net Assets, as restated	$1,511,340	$0	$21,632,117

REQUIRED SUPPLEMENTARY INFORMATION

Miami Valley Career Technology Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$14,213,364	$13,787,624	$13,787,624	$0
Tuition and Fees	41,237	39,372	40,002	630
Investment Earnings	191,728	185,985	185,985	0
Intergovernmental	12,213,457	11,847,621	11,847,621	0
Other Revenues	159,888	155,099	155,099	0
Total Revenues	26,819,674	26,015,701	26,016,331	630
Expenditures:				
Current:				
Instruction:				
Regular	4,039,294	4,041,375	3,957,631	83,744
Special	420,466	415,372	411,965	3,407
Vocational	9,621,954	9,705,828	9,427,425	278,403
Other	17,049	18,450	16,704	1,746
Support Services:				
Pupil	1,119,602	1,129,067	1,096,967	32,100
Instructional Staff	1,236,056	1,262,929	1,211,066	51,863
General Administration	58,110	58,347	56,935	1,412
School Administration	1,630,334	1,650,828	1,597,373	53,455
Fiscal	691,344	683,690	677,367	6,323
Business	527,754	532,369	517,084	15,285
Operations and Maintenance	3,752,362	3,725,115	3,676,500	48,615
Pupil Transportation	72,560	91,506	71,093	20,413
Central	2,263,448	2,238,160	2,217,687	20,473
Operation of Non-Instructional Services	79,197	95,963	77,596	18,367
Capital Outlay	5,463,446	5,362,964	5,352,990	9,974
Total Expenditures	30,992,976	31,011,963	30,366,383	645,580
Excess of Revenues Over (Under) Expenditures	(4,173,302)	(4,996,262)	(4,350,052)	646,210
Other financing sources (uses):				
Advances In	513,569	498,186	498,186	0
Advances (Out)	(515,818)	(505,390)	(505,390)	0
Transfers (Out)	(1,141,715)	(1,126,304)	(1,118,633)	7,671
Total Other Financing Sources (Uses)	(1,143,964)	(1,133,508)	(1,125,837)	7,671
Net Change in Fund Balance	(5,317,266)	(6,129,770)	(5,475,889)	653,881
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,286,971	14,286,971	14,286,971	0
Fund Balance End of Year	$8,969,705	$8,157,201	$8,811,082	$653,881

See accompanying notes to the required supplementary information.

Miami Valley Career Technology Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2004

	Adult Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	$2,056,950	$2,683,305	$2,199,567	($483,738)
Intergovernmental	929,227	993,654	993,654	0
Other Revenues	61,759	66,041	66,041	0
Total Revenues	3,047,936	3,743,000	3,259,262	(483,738)
Expenditures:				
Current:				
Instruction:				
Vocational	3,800,000	4,213,849	4,180,028	33,821
Total Expenditures	3,800,000	4,213,849	4,180,028	33,821
Excess of Revenues Over (Under) Expenditures	(752,064)	(470,849)	(920,766)	(449,917)
Other financing sources (uses):				
Advances In	452,064	0	483,407	483,407
Total Other Financing Sources (Uses)	452,064	0	483,407	483,407
Net Change in Fund Balance	(300,000)	(470,849)	(437,359)	33,490
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	632,877	632,877	632,877	0
Fund Balance End of Year	$332,877	$162,028	$195,518	$33,490

See accompanying notes to the required supplementary information.

1. BUDGETARY PROCESS

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

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

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

While the District is reporting financial position, results of operations and changes in fund balance 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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and adult education fund.

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	($3,235,780)	($825,918)
Net Adjustment for Revenue Accruals	624,450	483,408
Net Adjustment for Expenditure Accruals	270,093	18,607
Encumbrances	(3,134,652)	(113,456)
Budget Basis	($5,475,889)	($437,359)

MIAMI VALLEY CAREER TECHNOLOGY CENTER

Single Audit Report

June 30, 2004

P&A PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS
8260 NORTHCREEK DRIVE, SUITE 330 / CINCINNATI, OH 45236 . (513) 891-2722 . FAX (513) 891-2760
ONE PRESTIGE PLACE, SUITE 520 / DAYTON, OH 45342 . (937) 433-0400 . FAX (937) 433-0429

Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*

April 19, 2005

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Valley Career Technology Center (the Center), as of and for the year ended June 30, 2004, which collectively comprise the Center's basic financial statements and have issued our report thereon dated April 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Center's basic 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 no instances of non-compliance required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 basic 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.

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

Plattenburg & Associates, Inc.
Certified Public Accountants

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Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB *Circular A-133*

April 19, 2005

To the Board of Education:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center'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 Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Center 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 Center'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 the internal control over compliance in accordance with *OMB Circular A-133.*

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

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining information of the Center as of and for the year ended June 30, 2004, and have issued our report thereon dated April 19, 2005. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, the Auditor of State, 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.

Plattenburg & Associates, Inc.
Certified Public Accountants

MIAMI VALLEY CAREER TECHNOLOGY CENTER
June 30, 2004

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

MIAMI VALLEY CAREER TECHNOLOGY CENTER
JUNE 30, 2004

SCHEDULE OF PRIOR AUDIT AND QUESTIONED COSTS
OMB CIRCULAR A-133

Miami Valley Career Technology Center had no prior audit findings or questioned costs.

MIAMI VALLEY CAREER TECHNOLOGY CENTER

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

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education:						
Adult Basic Education Grant	AB-SL-02	84.002	369,395	0	391,379	0
Vocational Educational Grant	20-C1	84.048	1,260,778	0	1,260,778	0
Title V	C2-S1	84.298	18,438	0	18,510	0
Drug Free Schools Grant	DR-S1	84.186	7,501	0	6,154	0
Teacher & Principal Training & Recruitment	TR-S1	84.367	15,028	0	13,714	0
Total Department of Education			1,671,140	0	1,690,535	0
DIRECT PROGRAMS						
U.S. DEPARTMENT OF EDUCATION						
Federal Pell Grant Program	*	84.063	224,497	0	224,502	0
Total Department of Education - Direct			224,497	0	224,502	0
Total Federal Assistance			$1,895,637	$0	$1,915,037	$0

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

* Information unavailable

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MIAMI VALLEY CAREER TECHNOLOGY CENTER

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 24, 2005