

Springfield-Clark County Joint Vocational School District

Springfield, Ohio

Basic Financial Statements

Single Audit

July 1, 2004 Through June 30, 2005

Fiscal Year Audited Under GAGAS: 2005



BALESTRA, HARR & SCHERER
CERTIFIED PUBLIC ACCOUNTANTS

528 S. WEST STREET, P.O. Box 687
PIKETON, OHIO 45661

TELEPHONE (740) 289-4131

FAX (740) 289-3639

www.bhscpas.com



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the Springfield-Clark County Joint Vocational School District, Clark County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2004 through June 30, 2005. 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 Springfield-Clark County Joint Vocational School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 26, 2006

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Springfield-Clark County Joint Vocational School District
 Clark County
 Basic Financial Statements
 For the Fiscal Year Ended June 30, 2005

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BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Members of the Board
Springfield-Clark County Joint Vocational School District
1901 Selma Road
Springfield, Ohio 45505

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Springfield-Clark County Joint Vocational School District (the District), Clark County, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2006 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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.

As described in Note 22, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosure*.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

January 24, 2006

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005**

The discussion and analysis of the Springfield-Clark County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2005 are as follows:

Overall:

- Total net assets increased \$0.37 million, which represents a 6.61 percent increase from fiscal year 2004.
- General revenues accounted for \$10.47 million or 87.37 percent of total revenue. Program specific revenues in the form of charges for services and operating grants and contributions account for \$1.48 million or 12.63 percent of total revenues of \$11.95 million.
- Of the School District's \$11.57 million in expenses, only \$1.48 million were offset by program specific charges for services, grants or contributions. General revenues (primarily grants and entitlements, and property taxes) were used to cover the net expense of \$10.09 million.
- The General Fund, the only major fund, had \$9.75 million in revenues and \$9.44 million in expenditures representing 86.94 percent and 81.40 percent of the total governmental funds revenues and expenditures, respectively.

Using the Basic Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005**

Fiduciary Funds

The School District's fiduciary funds are a private purpose trust fund and agency fund. All of the School District's fiduciary funds are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The School District as a Whole

Table 1 provides a comparison of the School District's net assets from 2005 to 2004:

**TABLE 1
NET ASSETS, JUNE 30**

	2004	2005
ASSETS:		
Current and Other Assets	\$9,609,806	\$10,664,649
Capital Assets	4,269,719	4,041,963
Total Assets	13,879,525	14,706,612
 LIABILITIES		
Current Liabilities	6,299,770	6,817,992
Noncurrent Liabilities	1,882,248	1,814,697
Total Liabilities	8,182,018	8,632,689
 NET ASSETS:		
Invested in Capital Assets, Net of Debt	3,138,835	3,093,158
Restricted	221,368	89,338
Unrestricted	2,337,304	2,891,427
Total Net Assets	\$5,697,507	\$6,073,923

The amount by which the School District's assets exceeded its liabilities is called net assets. As of June 30, 2005, the School District's net assets were \$6.07 million. Of that amount, approximately \$3.09 million was invested in capital assets, net of debt related to those assets. Another \$.09 million was subject to external restrictions upon its use. The remaining \$2.89 million was unrestricted and available for future use as directed by the Board of Education and the School District's Administration.

The School District was able to increase the total assets of the School District through increasing the current assets by six percent from the prior year by reducing cash expenditures compared to the prior year. The School District's total net asset also increased by eleven percent for similar reasons listed above.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005**

Table 2 compares the changes in net assets for fiscal year from 2005 to 2004.

**TABLE 2
CHANGES IN NET ASSETS, JUNE 30**

	<u>2004</u>	<u>2005</u>
REVENUES:		
Program Revenues:		
Charges for Services	\$620,022	\$616,616
Operating Grants and Contributions	910,454	866,645
General Revenues:		
Property Taxes	5,686,724	5,514,282
Grants and Entitlements	4,794,009	4,663,691
Investment Earnings	24,474	62,227
Other	385,889	227,773
Total Revenues	<u>12,421,572</u>	<u>11,951,234</u>
PROGRAM EXPENSES:		
Instruction	6,050,313	6,941,767
Support Services:		
Pupils and Instructional Staff	1,272,046	1,595,784
Board of Education, Administration		
Fiscal and Business	1,338,229	1,437,545
Operation and Maintenance of Plant	1,056,256	1,279,011
Pupil Transportation	49,861	50,834
Central	109,159	42,990
Operation of Non-Instructional Services	758,367	6,931
Food Services	165,234	184,492
Interest and Fiscal Charges	44,182	35,464
Total Expenses	<u>10,843,647</u>	<u>11,574,818</u>
Change in Net Assets	1,577,925	376,416
Beginning Net Assets - Restated	4,119,582	5,697,507
Ending Net Assets	<u>\$5,697,507</u>	<u>\$6,073,923</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005**

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. Property taxes made up 45.45 percent of revenues for governmental activities for the Springfield-Clark County Joint Vocational School District for fiscal year 2005. The School District is extremely dependent upon intergovernmental revenues provided by the State of Ohio and the federal government; approximately 45.58 percent of the School District's total revenue was received from intergovernmental sources during fiscal year 2005.

The School District saw the operation expenses increase in the instruction functions by 14.11 percent and pupils and instructional staff by 25.45 percent over the prior year amounts. All these increases can be attributed to additional costs the School District incurred for additional staff members hired to accommodate the increased enrollment in the School District along with additional medical insurance cost for all employees within the School District

Operation and maintenance of plant expenses had an increase of 21.09 percent over the prior year amounts as a result of higher liability insurance, additional time spent with bad weather, an increase in electricity and heating costs for the School District. The School District has been greatly impacted by the rising fuel prices not only in heating costs but also in the actual purchase of gasoline. The School District was required to make several significant upgrades to the bus fleet and purchase new equipment to maintain the School District property.

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

Instruction comprises 59.84 percent of the School District's expenses for fiscal year 2005. Support services expenses make up 38.19 percent of the expenses.

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

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

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

Plant operation and maintenance activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005**

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

Food services include the preparation, delivery and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

Operation of non-instructional services includes services provided to the community at-large.

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

The School District's Funds

Information about the School District's General Fund, the only major fund, starts on page 13. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11.21 million and expenditures of \$11.60 million. Unreserved fund balance remained unchanged at \$3.34 million.

General Fund Budgeting Highlights

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

During the course of fiscal year 2005, the School District amended its general fund budget several times.

For the General Fund, original budget basis revenue was \$10.04 million as compared to the final budget estimates of \$9.48 million. This difference was based on the reduction in property tax revenue estimates once figures from the County Auditor become better known. The only difference from final budget to actual revenues was the tax advance that the School District received on June 30 but does not budget the revenue until the following fiscal year.

The final expenditure budget increased \$1.23 million from the original budget. The School District realized additional staff members would take advantage of the early retirement incentive. The School District saw the largest increase in the operation and maintenance as additional repairs and upgrades to computer equipment occurred that were not anticipated at the time the original budget was completed. Total actual expenditures on the budget basis were less than final budget figures by 3.32 percent. The School District takes an active role in budget maintenance to increase the General Fund cash balance annually.

Capital Assets

At the end of fiscal year 2005, the School District had \$4.26 million invested in land and land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles in governmental activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005**

Table 3 shows fiscal year 2005 balances compared to 2004:

*Table 3
Capital Assets*

Class	2005	2004	Percentage Change
Land	\$707,676	\$927,705	(23.66%)
Land and Land Improvements	493,106	493,106	0.00%
Buildings and Improvements	5,479,086	5,437,855	0.75%
Furniture, Fixtures and Equipment	3,803,896	3,377,062	12.64%
Vehicles	317,857	317,857	0.00%
Accumulated Depreciation	(6,759,658)	(6,283,366)	7.58%
Totals	<u>\$4,041,963</u>	<u>\$4,269,719</u>	<u>(5.33%)</u>

Overall capital assets decreased \$227,756 from fiscal year 2004. The School District did not make any major purchases or completed any large construction projects. The additions for the fiscal year were necessary to offset the depreciating equipment. See note 7 to the basic financial statements for more detailed information on the School District's capital assets.

Debt Administration

At June 30, 2005, the School District had a school energy conservation improvement bond with a balance due of \$575,000, with \$67,687 due within one year. The energy conservation debt issues were for the purpose of providing energy conservation measures for the School District. The School District has two separate Vocational School Building Assistance loans outstanding with a combined balance due at June 30, 2004 of \$263,836. \$40,000 of principal is due within one year. The purposes of these two loans were for constructing, remodeling and purchasing of equipment for the School District.

At June 30, 2005, the School District had various capital leases with a total outstanding balance of \$71,954, of which \$55,674 is due within one year. These leases consisting of equipment and vehicles have been capitalized as capital assets within the governmental activities. Principal payments on all long term debt obligations for fiscal year 2005 totaled \$182,079.

For more detailed information regarding the School District's debt obligations, the reader should refer to the note 14 to the basic financial statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005**

For the Future

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

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

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

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

Contacting the School District's Financial Management

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

Springfield-Clark County Joint Vocational School District
Clark County, Ohio
Statement of Net Assets
June 30, 2005

	Primary Government Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$4,012,867
Receivables:	
Property Taxes	6,527,994
Accounts	32,611
Accrued Interest	4,963
Intergovernmental	9,245
Materials and Supplies Inventory	59,943
Prepaid Items	17,026
Non-Depreciable Capital Assets	707,676
Capital Assets (net of accumulated depreciation):	3,334,287
Total Assets	14,706,612
 <u>Liabilities</u>	
Payables:	
Accounts	87,627
Intergovernmental	193,408
Salaries and Employee Benefits	794,080
Unearned Revenue	5,742,877
Noncurrent Liabilities:	
Due within one year	420,357
Due in more than one year	1,394,340
Total Liabilities	8,632,689
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	3,093,158
Restricted for:	
Grants	11,474
Capital Improvements	77,864
Unrestricted	2,891,427
Total Net Assets	\$6,073,923

See accompanying notes to the basic financial statements

Springfield-Clark County Joint Vocational School District
Clark County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2005

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$777,068	\$0	\$0	(\$777,068)
Special	576,673	0	0	(576,673)
Vocational	5,038,530	279,205	594,400	(4,164,925)
Adult/Continuing	549,496	186,726	117,836	(244,934)
Support Services:				
Pupils	784,191	0	107,330	(676,861)
Instructional Staff	811,593	4,200	11,544	(795,849)
Board of Education	80,701	0	0	(80,701)
Administration	725,395	0	0	(725,395)
Fiscal	515,797	0	2,500	(513,297)
Business	115,652	0	0	(115,652)
Operation and Maintenance of Plant	1,279,011	600	0	(1,278,411)
Pupil Transportation	50,834	0	0	(50,834)
Central	42,990	0	0	(42,990)
Operation of Non-Instructional Services	6,931	0	0	(6,931)
Food Service	184,492	145,885	33,035	(5,572)
Interest and Fiscal Charges	35,464	0	0	(35,464)
Total Primary Government	\$11,574,818	\$616,616	\$866,645	(\$10,091,557)

General Revenues:	
Property Taxes	5,514,282
Grants and Contributions not restricted to specific programs	4,663,691
Unrestricted investment earnings	62,227
Miscellaneous	227,773
Total General Revenues	10,467,973
Change in Net Assets	376,416
Net Assets-Beginning (Restated)	5,697,507
Net Assets-Ending	\$6,073,923

See accompanying notes to the basic financial statements

Springfield-Clark County Joint Vocational School District
Clark County, Ohio
Balance Sheet - Governmental Funds
June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
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Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,798,723	\$214,144	\$4,012,867
Receivables:			
Property and Other Taxes	6,527,994	0	6,527,994
Accounts	6,250	26,361	32,611
Interfund	93,872	0	93,872
Accrued Interest	4,963	0	4,963
Intergovernmental	0	9,245	9,245
Prepaid Items	15,413	1,613	17,026
Materials and Supplies Inventory	58,273	1,670	59,943
Total Assets	\$10,505,488	\$253,033	\$10,758,521
Liabilities and Fund Balances:			
Liabilities:			
Payables:			
Accounts	\$46,924	\$40,703	\$87,627
Due to Local Governments	177,683	15,725	193,408
Salaries and Employee Benefits	746,199	47,881	794,080
Interfund	0	93,872	93,872
Deferred Revenue	6,247,539	0	6,247,539
Total Liabilities	7,218,345	198,181	7,416,526
Fund Balances:			
Reserved for:			
Encumbrances	97,032	91,752	188,784
Inventory	58,273	1,577	59,850
Property Taxes	280,185	0	280,185
Unreserved, reported in:			
General	2,851,653	0	2,851,653
Special Revenue (Deficit)	0	(58,660)	(58,660)
Capital Projects	0	20,183	20,183
Total Fund Balances	3,287,143	54,852	3,341,995
Total Liabilities and Fund Balances	\$10,505,488	\$253,033	\$10,758,521

**Reconciliation of Total Governmental Fund Balances to
Net Asset of Governmental Activities**

Total Governmental Fund Balances \$3,341,995

**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. 4,041,963

Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 504,662

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (1,814,697)

Net Assets of Governmental Activities \$6,073,923

See accompanying notes to the basic financial statements

Springfield-Clark County Joint Vocational School District
Clark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds	
Revenues:				
Property Taxes	\$5,009,620	\$0	\$5,009,620	
Intergovernmental	4,663,691	850,187	5,513,878	
Charges for Services	475	193,533	194,008	
Tuition and Fees	3,142	416,365	419,507	
Interest	62,117	110	62,227	
Rent	600	0	600	
Gifts and Donations	42	2,019	2,061	
Miscellaneous	8,202	2,501	10,703	\$12,281
Total Revenues	9,747,889	1,464,715	11,212,604	
Expenditures:				
Current:				
Instruction:				
Regular	738,357	604	738,961	
Special	577,256	0	577,256	
Vocational	4,154,646	791,483	4,946,129	
Adult Education	0	534,720	534,720	(227,756)
Support Services:				
Pupils	618,082	124,688	742,770	
Instructional Staff	650,217	64,308	714,525	
Board of Education	80,701	0	80,701	
Administration	662,229	6,539	668,768	
Fiscal	490,314	2,496	492,810	512,149
Business	112,993	0	112,993	
Operation and Maintenance of Plant	1,155,756	121,198	1,276,954	
Pupil Transportation	38,921	6,896	45,817	
Central	34,765	9,047	43,812	
Operation of Non-Instructional Services	0	184,743	184,743	
Capital Outlay	0	223,700	223,700	
Debt Service:				
Principal Retirement	94,712	87,367	182,079	
Interest and Fiscal Charges	35,464	0	35,464	
Total Expenditures	9,444,413	2,157,789	11,602,202	
Excess (Deficiency) of Revenues Over (Under) Expenditures	303,476	(693,074)	(389,598)	
Other Financing Sources (Uses):				
Sale of Capital Assets	401,879	0	401,879	
Transfers - In	38,411	328,859	367,270	
Transfers - Out	(328,163)	(39,107)	(367,270)	
Total Other Financing Sources (Uses)	112,127	289,752	401,879	
Net Change in Fund Balances	415,603	(403,322)	12,281	
Fund Balances - beginning (restated)	2,878,646	458,020	3,336,666	
Changes in Inventory	(7,106)	154	(6,952)	
Fund Balances - ending	\$3,287,143	\$54,852	\$3,341,995	

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net Change in Governmental Fund Balances \$12,281

Amounts reported in governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (227,756)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 512,149

Repayment of long-term obligations is reported as an expenditure in governmental funds, the repayment reduces long-term liabilities in the statement of net assets. In the current year, this amount is: 182,079

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures/revenues in governmental funds. (102,337)

Change in net assets of governmental activities \$376,416

See accompanying notes to the basic financial statements

Springfield-Clark County Joint Vocational School District
Clark County, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	<u>Private-Purpose Trust Fund</u>	<u>Agency</u>
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	<u>\$6,076</u>	<u>\$29,340</u>
Total Assets	<u><u>6,076</u></u>	<u><u>29,340</u></u>
<u>Liabilities</u>		
Accounts Payable	0	11
Due to Students	<u>0</u>	<u>29,329</u>
Total Liabilities	<u>0</u>	<u>29,340</u>
<u>Net Assets</u>		
Held in trust for scholarships	<u>6,076</u>	<u>0</u>
Total Net Assets	<u><u>\$6,076</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Springfield-Clark County Joint Vocational School District
Clark County, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2005

	Private-Purpose Trust Fund
Additions:	
Contributions:	
Donations	\$1,778
Total Additions	1,778
Deductions:	
Scholarships	884
Change in Net Assets	894
Net Assets - Beginning of Year	5,182
Net Assets - End of Year	\$6,076

See accompanying notes to the basic financial statements

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2005

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The Springfield-Clark County “JVS Plan” was approved by the State Department of Education on April 13, 1964. On May 18, 1964, the Springfield-Clark County Joint Vocational School Board of Education was organized. The Board is comprised of two members of the Springfield City Board of Education and one from the Clark County Educational Service Center. The number of representatives from the City and the Educational Service Center was based on the student population at that time. The City and the Educational Service Center each select who will also serve as members of the board of the School District. The School District is staffed by 37 classified employees, 77 certified teaching personnel, and 10 administrative employees who provide services to 660 students and other community members. The School District currently operates 8 instructional buildings and an administration building.

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

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2005

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

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

Joint Venture:

Early Childhood Education Center (the Center)

Jointly Governed Organizations:

Miami Valley Educational Computer Association (MVECA)

Southwestern Ohio Educational Purchasing Council (SOEPC)

Southwestern Ohio Instructional Technology Association (SOITA)

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Springfield-Clark County Joint Vocational School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

Fiduciary Funds

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Fiduciary funds are reported using the accrual basis of accounting; however, since the agency funds only report assets and liabilities they have no measurement focus whereas the private purpose trust fund uses the economic resource measurement focus.

D. Basis of Accounting

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue. On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Cash and Cash Equivalents

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

During fiscal year 2005, investments included were limited to non-negotiable certificates of deposits, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes and STAROhio.

The School District has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during fiscal year 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2005.

The School District allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year was \$62,117 which included \$5,923 assigned from other School District funds. Interest was also recorded in the food service fund for \$110.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Materials and Supplies Inventory

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

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

H. Estimates

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

I. Capital Assets and Depreciation

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Interfund Activity

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

K. Compensated Absences

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

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

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. Matured leave payable in the fund financial statements represents the entire current portion. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The entire liability is reported on the government-wide statement of net assets

L. Accrued Liabilities and Long-Term Obligations

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Balances

On fund financial statements, receivables and payables resulting from the short-term interfund loans are classified as “Interfund Receivables” and “Interfund Payables”. These amounts are eliminated in the statement of net assets.

N. Net Assets

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

O. Fund Balance Reserves

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

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

P. Reconciliation of government-wide and fund financial statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheets includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$1,814,697) difference are as follows:

School Facilities Loan Payable	(\$263,836)
Energy Conservation Bonds Payable	(575,000)
Long Term Note Payable	(38,015)
Capital Lease Payable	(71,954)
Early Retirement Incentive	(120,000)
Compensated Absences	(745,892)
Net Adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>(\$1,814,697)</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Another element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of the \$4,041,963 difference are as follows:

Capital Assets	\$10,801,621
Accumulated Depreciation	<u>(6,759,658)</u>
Net Adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>\$4,041,963</u></u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

An element of that reconciliation states that “Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures/revenues in governmental funds.” The details of this (\$102,337) are as follows:

Change in Leave Balances	\$5,472
Executive of retirement incentive	(120,000)
Change in SERS Obligation	<u>12,191</u>
Net Adjustment – current financial resources focus to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>(\$102,337)</u></u>

Another element of that reconciliation states that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this (\$227,756) are as follows:

Current Capital Additions	\$468,065
Current Capital Disposals	(219,529)
Depreciation Expense	<u>(476,292)</u>
Net Adjustment – capital assets to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>(\$227,756)</u></u>

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2005, the Educational Management Information Systems and Miscellaneous Federal Grants special revenue funds had deficit fund balances of \$741 and \$1,223, respectively. The deficits were created by application of generally accepted accounting principles. The general fund provides cash to these funds; however that does not happen until needed.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (continued)

B. Compliance

The following funds had appropriations in excess of estimated resources and available balances for the fiscal year ended June 30, 2005:

Fund Type/Fund	Estimated Resources	Appropriations	Excess
Nonmajor Governmental Funds:			
Special Revenue Funds:			
Public School Support	\$3,977	\$16,568	\$12,591
Data Communication	5,742	8,484	2,742

The following fund had expenditure plus encumbrances in excess of appropriations for the fiscal year ended June 30, 2005:

Fund Type/Fund	Appropriations	Expenditures	Excess
Nonmajor Governmental Funds:			
Special Revenue Funds:			
School Net Professional Development	4,007	8,046	4,039

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2005

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

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

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

1. United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Management Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time, and;
8. Under limited circumstances, debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

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

Cash on Hand: At fiscal year end, the School District had \$550 in undeposited cash on hand which is included on the statement of net assets and governmental balance sheet of the School district as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits: The School District’s deposits are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the School District or its agent in the School District’s name. Category 2 includes uninsured and unregistered deposits which are held by the counterparty’s trust department or agent in the School District’s name. Category 3 includes uninsured and unregistered deposits for which securities are held by the counterparty, or by its trust department or agent but not in the School district’s name. For deposits, custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it.

At fiscal year end, the carrying amount of the School District’s deposits was \$2,661,939 and the bank balance was \$2,810,401. Of the bank balance \$245,266 was covered by federal depository insurance (Category 1). \$2,565,135 was uninsured and uncollateralized (Category 3) and subject to custodial credit risk. Although all state statutory requirements for the deposit money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments: The School district’s investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the School District or its agent in the School District’s name holds the securities. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the School District’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the School District’s name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

	Category 2	Unclassified	Carrying/Fair Value	Investment Maturity (Years)
Federal Home Loan Bank Notes	\$ 397,719	\$ 0	\$ 397,719	< 1 year
Federal Home Loan Mortgage Corporation Notes	502,382	0	502,382	< 1 year
Federal National Mortgage Association Notes	419,582	0	419,582	<1 year
STAR Ohio	0	66,659	66,659	< 1 year
Total	\$1,319,683	\$66,659	\$1,386,342	

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declined in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The District limits their investments to securities in STAR Ohio, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, and Federal National Mortgage Association Notes. Below are the credit ratings of the School District’s investments:

Security	Rating Agency	
	Moody’s	Standard & Poor’s
STAR Ohio	N/A	AAAm
Federal Home Loan Bank Notes	Aaa	AAA
Federal Home Loan Mortgage Corporation Notes	Aaa	AAA
Federal National Mortgage Association Notes	Aaa	AAA

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single user. The School District’s investment policy allows investments in Federal Agencies or Instrumentalities. Federal Home Loan Bank Notes comprised 29% of the School District’s investments, Federal Home Loan Mortgage Corporation Notes comprised 36% of the School District’s investments, Federal National Mortgage Association Notes comprised 30% of the School District’s investments, and STAR Ohio comprised 5% of the School District’s investments.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District’s securities are secured.

Cash and cash equivalents and investments are pooled for balance sheet classification on the basic financial statements because the pool consists of deposits, short-term investments and long-term investments that can be converted to liquid assets. A reconciliation between the classifications of cash and investments on the fund financial statements and classification per GASB Statement No. 3 is as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

	Cash and Cash Equivalents/Deposits	Investments
Equity in Pooled Cash and Cash Equivalents – Basic Financial Statements	\$4,048,283	\$0
Investments:		
Federal Home Loan Bank Notes	(397,719)	397,719
Federal Home Loan Mortgage Corporation Notes	(502,382)	502,382
Federal National Mortgage Association Notes	(419,582)	419,582
STAR Ohio	(66,659)	66,659
GASB Statement No. 3	\$2,661,941	\$1,386,342

NOTE 5 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2005 for real and public utility property taxes represents collections of calendar 2004 taxes. Property tax payments received during calendar 2005 for tangible personal property (other than public utility property) is for calendar 2005 taxes.

2005 real property taxes are levied after April 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after April 1, 2005, and are collected in 2005 with real property taxes.

2005 tangible personal property taxes are levied after April 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are twenty-five percent of true value.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2005

NOTE 5 – PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2005 taxes were collected are:

	<u>2004 Second- Half Collections</u>		<u>2005 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$1,821,602,230	84.54%	\$1,870,631,180	86.09%
Public Utility	97,625,990	4.53	92,843,170	4.27
Tangible Personal Property	235,527,096	10.93	209,470,202	9.64
Total Assessed Value	<u>\$2,154,755,316</u>	<u>100.00%</u>	<u>\$2,172,944,552</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$3.00		\$3.00	

The School District receives property taxes from Clark, Miami, Champaign, and Greene Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2005. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available, from Clark County only, as an advance at June 30, 2005, was \$280,185 and is recognized as revenue in the General Fund.

NOTE 6 – RECEIVABLES

Receivables at June 30, 2005, consisted of current and delinquent property taxes, accounts (rent and student fees), intergovernmental grants and interfund transactions. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Nonmajor Governmental Funds	
Food Service	\$3,261
Educational Management Information Systems	5,984
Total Intergovernmental Receivable	<u>\$9,245</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2005

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance 7/01/04	Increases	Decreases	Balance 6/30/05
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$927,205	\$0	(\$219,529)	\$707,676
Capital Assets, being depreciated				
Land and Land Improvements	493,106	0	0	493,106
Buildings and Improvements	5,437,855	41,231	0	5,479,086
Furniture, Fixtures and Equipment	3,377,062	426,834	0	3,803,896
Vehicles	317,857	0	0	317,857
Total at Historical Cost	9,625,880	468,065	0	10,093,945
Less: Accumulated Depreciation				
Land and Land Improvements	(323,471)	(8,380)	0	(331,851)
Buildings and Improvements	(3,680,769)	(139,800)	0	(3,820,569)
Furniture, Fixtures and Equipment	(2,038,422)	(304,338)	0	(2,342,760)
Vehicles	(240,704)	(23,774)	0	(264,478)
Total Accumulated Depreciation	(6,283,366)	(476,292) *	0	(6,759,658)
Capital Asset, being depreciated, net	3,342,514	(8,227)	0	3,334,287
 Governmental Activities				
Capital Assets, Net	\$4,269,719	(\$8,227)	(\$219,529)	\$4,041,963

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$240,124
Adult/Continuing	1,619
Support Services:	
Pupils	5,280
Instructional Staff	113,326
Administration	28,535
Fiscal	23,359
Operation and Maintenance of Plant	46,033
Pupil Transportation	17,396
Central	620
Total Depreciation Expense	\$476,292

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2005

NOTE 8 – RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2005, the School District contracted with Nationwide Insurance Company for general liability and fleet insurance. Consolidated Insurance protects property.

Building and Contents-replacement cost (\$1,000 deductible)	\$300,000,000
Automobile Liability (\$250 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability:	
Per occurrence	1,000,000
Total per year	3,000,000

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

B. Workers' Compensation

For fiscal year 2005, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 9 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$188,683, \$184,858, and \$185,340, respectively; 84.07 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

B. State Teachers Retirement System

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2005, 2004, and 2003, were \$728,322, \$702,803, and \$719,652, respectively; 85.18 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$6,693 made by the School District and \$10,952 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2005, eight members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining members of the board have elected SERS.

NOTE 10 – POSTEMPLOYMENT BENEFITS

State Teachers Retirement System of Ohio (STRS Ohio) provides comprehensive healthcare benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (R.C.), the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. The R.C. grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$54,786 during the 2005 fiscal year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 10 – POSTEMPLOYMENT BENEFITS (continued)

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. At June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$71,356.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004 SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE 11 – OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service.

Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time with the exception of the Superintendent and Treasurer.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 11 – OTHER EMPLOYEE BENEFITS (continued)

B. Insurance Benefits

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

NOTE 12 – CAPITAL LEASES - LESSEE DISCLOSURE

In fiscal year 2002, the School District entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases,” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements in the General Fund.

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

A liability was recorded for the government-wide financial statements as Capital Lease Payable. This amount represents the present value of the minimum lease payments at the time the lease was entered into. Principal payments for capital leases in fiscal year 2005 totaled \$54,712 in the General Fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2005.

<u>Fiscal Year Ending June 30,</u>	<u>Capital Lease</u>
2006	\$56,698
2007	14,396
2008	1,123
2009	1,123
Total	<u>73,339</u>
Less: Amount Representing Interest	<u>(1,385)</u>
Present Value of Net Minimum Lease Payments	<u>\$71,954</u>

The annual debt service requirements to maturity for the capital lease paid are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$55,772	\$926	\$56,698
2007	14,149	247	14,396
2008	967	156	1,123
2009	1,066	57	1,123
Total	<u>\$71,954</u>	<u>\$1,385</u>	<u>\$73,339</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 13 – NOTE PAYABLE

During fiscal year 2005, the School District reissued a note payable that paid off a capital lease obligation for equipment. The note was original issued in the amount of \$74,943, at an interest rate of 3.51%. This note has a renewable clause that allows the School District to renew annually. During fiscal year 2005, the School District exercised this option and renewed the lease with monthly payments of \$1,625. During fiscal year 2005, \$19,500 in principal was paid on the note. Debt expenditures are to be made from the Adult Education Fund.

NOTE 14 – LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2005 were as follows:

	Amount Outstanding 6/30/04	Additions	Deductions	Amount Outstanding 6/30/05	Amounts Due in One Year
Governmental Activities:					
Vocational School Building Assistance Fund Loan 1999 0.00%	\$331,703	\$0	\$67,867	\$263,836	\$40,000
School Energy Conservation Improvement Bonds 2000 4.60%-6.25%	615,000	0	40,000	575,000	67,867
Note Payable	57,515	0	19,500	38,015	19,500
Capital Leases	126,666	0	54,712	71,954	55,674
Intergovernmental Payables	12,191	0	12,191	0	0
Early Retirement Incentive	0	120,000	0	120,000	120,000
Compensated Absences	751,364	417,328	422,800	745,892	117,316
Total	\$1,894,439	\$537,328	\$617,070	\$1,814,697	\$420,357

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 14 – LONG-TERM OBLIGATIONS (Continued)

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

Early Retirement Incentive – In the most recent contract, employees were offered a \$20,000 bonus as an incentive to retire. Employees had to retire on or before June 30, 2005 and the bonus payout would be on February 1, 2006. On June 30, 2005, six employees accepted the bonus and retired, creating an early retirement incentive in the amount of \$120,000.

Capital leases will be paid from the General Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$195,263,159. The energy conservation debt margin was \$18,981,501, with an unvoted debt margin of \$2,172,945 at June 30, 2005.

Principal and interest requirements to retire the vocational school building assistance fund loans and the school energy conservation bonds and at June 30, 2005, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2006	\$107,867	\$31,568	\$139,435
2007	107,867	29,638	137,505
2008	112,867	27,565	140,432
2009	81,325	25,338	106,663
2010	58,782	23,111	378,772
2011-2015	268,878	63,751	332,629
2016-2019	139,265	6,594	25,859
Total	\$876,851	\$207,565	\$1,084,416

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 15 – INTERFUND ACTIVITY

As of June 30, 2005, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$93,872	\$0	\$38,411	\$328,163
Nonmajor Funds:				
Uniform School Supplies	0	11,684	697	36,862
Adult Education	0	75,277	0	0
Educational Mgmt Information Systems	0	1,132	0	1,132
Miscellaneous Federal Grants	0	2,177	0	0
Debt Service	0	0	67,867	0
Permanent Improvement	0	3,602	250,000	0
Other non-major funds	0	0	10,295	1,113
Total Nonmajor Funds	<u>0</u>	<u>93,872</u>	<u>328,859</u>	<u>39,107</u>
Total All Funds	<u>\$93,872</u>	<u>\$93,872</u>	<u>\$367,270</u>	<u>\$367,270</u>

The transfer to the debt service was for the annual payment on the vocation school facilities bonds. The transfer to the permanent improvement fund was related to the building reserves for capital improvement needs. The interfund activity relates to timing of revenues being later than anticipated. The transfer out of the Uniform School Supplies, Education Management Information Systems, and other non-major funds were the result of closing out “non-used” funds and transferring their balances to the General Fund.

NOTE 16 – JOINT VENTURE

Early Childhood Education Center – The Springfield-Clark County Joint Vocational School District entered into an agreement with Clark State Community College to operate the Early Childhood Education Center (the Center). Clark State Community College is acting as the fiscal agent. The Joint Vocational School District has a financial responsibility to the Center to finance any operating deficits based upon a formula in the agreement. The Center incurred an operating profit for the fiscal year ended June 30, 2005. To obtain financial information, write to Joe Jackson, who serves as Vice President of Business Affairs, at 570 East Leffel Lane, Post Office Box 570, Springfield, Ohio 45501.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2005

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The School District paid MVECA \$17,672 for services provided during the year. Financial information can be obtained from Gary Bosserman, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

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

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During the fiscal year, the School District paid \$130,868 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

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

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During the fiscal year, the School District paid \$320 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 18 – INSURANCE POOL

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

NOTE 19 - STATE SCHOOL FUNDING DECISION

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

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

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

NOTE 20 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

B. Litigation

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Textbooks	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2004	(\$1,449,986)	\$0
Current Year Set-aside Requirement	105,810	105,810
Qualifying Disbursements	(472,693)	(540,890)
Subtotal	(1,816,869)	(435,080)
Set-aside Balances Carried Forward to Future Fiscal Years	(1,816,869)	0
Set-aside Reserve Balances as of June 30, 2005	\$0	\$0

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

NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT

During fiscal year 2005, the School District was required to implement GASB 40, “Deposit and Investment Risk Disclosures”. The statement requires additional disclosures for credit risk, concentration risk and interest rate risk in relation to the School District’s investments. The School District has included the additional disclosures on investments owned by the School District.

In the prior year, the School District recorded more than one month’s liability for pension liability. The School District pays the required pension contributions to SERS and STRS on a monthly basis. The following is the effect on beginning fund balances and net assets:

	General Fund	Other Non-Major	Governmental Net Assets
Fund Balance/Net Assets at June 30, 2004	\$2,817,865	\$396,692	\$5,467,573
Intergovernmental Payable Adjustment	60,881	61,328	229,934
Restated Fund Balance/ Net Assets at June 30, 2004	\$2,878,646	\$458,020	\$5,697,507

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Springfield-Clark County Joint Vocational School District
Clark County, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual -
General Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$5,315,780	\$4,741,989	\$5,647,489	\$905,500
Intergovernmental	4,663,800	4,663,691	4,663,691	0
Tuition and Fees	700	3,010	3,010	0
Interest	40,000	59,816	59,816	0
Rent	300	600	600	0
Gifts and Donations	100	100	42	(58)
Charges for Services	1,200	475	475	0
Miscellaneous	20,000	12,936	12,936	0
Total Revenues	10,041,880	9,482,617	10,388,059	905,442
Expenditures:				
Current:				
Instruction:				
Regular	686,640	736,406	735,622	784
Special	612,203	582,203	571,056	11,147
Vocational	4,187,877	4,294,550	4,073,805	220,745
Adult/Continuing	350	350	0	350
Support Services:				
Pupils	580,752	586,352	603,696	(17,344)
Instructional Staff	613,981	678,131	712,699	(34,568)
Board of Education	82,036	82,036	81,984	52
Administration	678,759	711,561	699,189	12,372
Fiscal	478,629	480,129	491,213	(11,084)
Business	129,339	129,339	115,233	14,106
Operation and Maintenance of Plant	190,529	1,189,774	1,214,389	(24,615)
Pupil Transportation	45,100	46,200	35,132	11,068
Central	144,098	144,098	53,335	90,763
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	35,000	35,000	33,478	1,522
Total Expenditures	8,505,293	9,736,129	9,460,831	275,298
Excess of Revenues Over (Under) Expenditures	1,536,587	(253,512)	927,228	1,180,740
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	196,582	401,879	401,879	0
Refund of Prior Year Expenditures	3,500	1,154	1,154	0
Advances In	125,000	165,168	165,168	0
Advances Out	(40,291)	(40,291)	(122,684)	(82,393)
Transfers In	0	39,337	39,337	0
Transfers Out	(300,000)	(300,000)	(329,088)	(29,088)
Total Other Financing Sources (Uses)	(15,209)	267,247	155,766	(111,481)
Net Change in Fund Balance	1,521,378	13,735	1,082,994	1,069,259
Fund Balances at Beginning of Year	2,388,572	2,388,572	2,388,572	0
Prior Year Encumbrances Appropriated	184,132	184,132	184,132	0
Fund Balance at End of Year	\$4,094,082	\$2,586,439	\$3,655,698	\$1,069,259

See accompanying notes to the required supplementary information

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2005

Basis of Budgeting

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

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

General Budget Policies

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

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

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

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

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2005

estimated resources issued during fiscal year 2004.

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

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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

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

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

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

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2005

Net Change in Fund Balance
General Fund

GAAP Basis	\$415,603
Revenue Accruals	641,324
Expenditure Accruals	129,981
Encumbrances	(146,398)
Advances	<u>42,484</u>
Budgetary Basis	<u>\$1,082,994</u>

Springfield-Clark County Joint Vocational School District
Clark County, Ohio
Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2005

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	NA	10.550	\$ -	\$ 5,088	\$ -	\$ 5,088
National School Lunch Program	LLP4	10.555	31,118	-	31,118	-
Total United States Department of Agriculture - Nutrition Cluster			31,118	5,088	31,118	5,088
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
Adult Education - State Grant Program	ABS1	84.002	28,914	-	31,760	-
Vocational Education - Basic Grants to States	20C1	84.048	482,886	-	485,142	-
<i>Passed through Ohio Hi-Point Joint Vocational School</i>						
Vocational Education - Basic Grants to States	CP111-A04	84.048	46,275	-	46,016	-
Total Vocational Education - Basic Grants to States			529,161	-	531,158	-
<i>Passed through Ohio Department of Education</i>						
Safe and Drug-Free Schools and Communities - State Grants	DRS1	84.186	2,950	-	3,730	-
State Grants for Innovative Programs	C2S1	84.298	4,617	-	4,986	-
Vocational Education - Occupational & Employment Informational for States	OE00	84.346	7,000	-	13,641	-
Improving Teacher Quality State Grants	TRS1	84.367	6,467	-	10,119	-
PELL Grant Program	N	84.063	49,079	-	49,234	-
Total United States Department of Education			628,188	-	644,628	-
Total Federal Financial Assistance			\$ 659,306	\$ 5,088	\$ 675,746	\$ 5,088

NA - Not Available

N - Direct Assistance

See accompanying notes to the schedule of federal awards receipts and expenditures

Springfield-Clark County Joint Vocational School District
Clark County, Ohio
Notes to Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2005

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards receipts and expenditures includes the federal grant activity of the Springfield-Clark County Joint Vocational School District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTIONS

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2005, the District had no significant food commodities in inventory.

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board
Springfield-Clark County Joint Vocational School District
1901 Selma Road
Springfield, Ohio 45505

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Springfield-Clark County Joint Vocational School District (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 24, 2006 wherein we indicated the District implemented GASB Statements No. 40. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the District in a separate letter dated January 24, 2006.

Members of the Board
Springfield-Clark County Joint Vocational School District
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance With *GOVERNMENT AUDITING STANDARDS*
Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

January 24, 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com

Member American Institute of Certified Public Accountants

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

Members of the Board
Springfield-Clark County Joint Vocational School District
1901 Selma Road
Springfield, Ohio 45505

Compliance

We have audited the compliance of Springfield-Clark County Joint Vocational School District (the District) with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2005. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Members of the Board
Springfield-Clark County Joint Vocational School District
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, members of the Board, 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.



Balestra, Harr & Scherer, CPAs, Inc.

January 24, 2006

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2004-001	Noncompliance of Ohio Rev. Code Section 5705.39	Yes	
2004-002	Noncompliance of a-102 Common Rule (34 CFR 80.3)	Yes – See Note	Although the federal issue was addressed, there is a management letter comment regarding capital asset recordkeeping.



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

SPRINGFIELD-CLARK COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

CLARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 9, 2006**