MIAMI VALLEY CAREER TECHNOLOGY CENTER

Basic Financial Statements

June 30, 2003

Auditor of State
Betty Montgomery

Board of Education
Miami Valley Career Technology Center

We have reviewed the Independent Auditor's Report of the Miami Valley Career Technology Center, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 14, 2004

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P&A

PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS
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February 19, 2004

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Miami Valley Career Technology Center, (the Center) as of and for the year ended June 30, 2003, which collectively comprise the Center's basic financial statements. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Miami Valley Career Technology Center, as of June 30, 2003 and, the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the notes, during the year ended June 30, 2003, the Center implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus;* Governmental Accounting

Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures;* and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 19, 2004 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information

The Management's Discussion and Analysis information and the budgetary information is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Plattenburg & Associates, Inc.
Plattenburg & Associates, Inc.
Certified Public Accountants

MIAMI VALLEY CAREER TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003
(Unaudited)

The discussion and analysis of Miami Valley Career Technology Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the Center's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for 2003 are as follows:

- In total, net assets increased $2.42 million. Net assets of governmental activities increased $2.40 million which represents a 12.6% increase from 2002. Net assets of business-type activities increased $.01 million or 7.2% from 2002.

- General revenues accounted for $25.29 million in revenue or 82.3% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $5.45 million or 17.7% of total revenues of $30.74 million.

- Total assets of governmental activities increased by $4.67 million as taxes receivable increased by $2.78 million and cash and other receivables increased by $1.85 million.

- The Center had $28.06 million in expenses related to governmental activities; $5.17 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $25.29 million were adequate to provide for these programs.

- As a major fund, the General Fund had $25.41 million in revenues and $21.93 million in expenditures. The General Fund balance increased from $10.46 to $12.91 million. The Adult Education Fund had $3.33 million in revenues and $3.23 million in expenditures. The Adult Education Fund balance increased from $.48 to $.58 million.

- Net assets for Enterprise Funds increased slightly. This increase resulted from operating income of $.28 million exceeding operating expenses of $.27 million.

Using this Basic Financial Report

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

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

Reporting the Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Center is divided into two distinct kinds of activities:

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

- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Center's uniform school supplies is reported as business activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

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

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Center as a whole.

Table 1 provides a summary of the Center's net assets for 2002 compared to 2003:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2002	2003	2002	2003	2002	2003
Assets						
Current and Other Assets	$27,234,837	$31,856,067	$175,641	$185,255	$27,410,478	$32,041,322
Capital Assets	8,731,830	8,780,879	0	0	8,731,830	8,780,879
Total Assets	35,966,667	40,636,946	175,641	185,255	36,142,308	40,822,201
Liabilities						
Long-Term Liabilities	2,679,855	2,762,034	2,792	0	2,682,647	2,762,034
Other Liabilities	14,199,148	16,402,740	0	0	14,199,148	16,402,740
Total Liabilities	16,879,003	19,164,774	2,792	0	16,881,795	19,164,774
Net Assets						
Invested in Capital Assets Net of Debt	8,731,830	8,780,879	0	0	8,731,830	8,780,879
Restricted	1,937,749	2,179,821	0	0	1,937,749	2,179,821
Unrestricted	8,418,085	10,511,472	172,849	185,255	8,590,934	10,696,727
Total Net Assets	$19,087,664	$21,472,172	$172,849	$185,255	$19,260,513	$21,657,427

Total assets increased $4.68 million. Equity in pooled cash and cash equivalents increased $1.85 million. Taxes receivable increased $2.78 million. Total liabilities increased $2.62 million, resulting in a net asset increase of $2.42 million.

The net assets of the Center business-type activities increased by $.01 million. Since the increase was slight, management has reviewed and, where feasible, increased fees. This action should ensure that business-type activities remain self-supporting.

Table 2 shows the change in net assets for fiscal year 2003. Since this is the first year the Center has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available.

Table 2
Changes in Net Assets

	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Revenues			
Program Revenues:			
Charges for Services	$2,302,302	$283,289	$2,585,591
Operating Grants	2,863,915	0	2,863,915
General Revenue:			
Property Taxes	13,009,825	0	13,009,825
Grants and Entitlements	11,896,888	0	11,896,888
Other	386,836	233	387,069
Total Revenues	30,459,766	283,522	30,743,288
Program Expenses:			
Instruction	17,963,813	0	17,963,813
Support Services:			
Pupil and Instructional Staff	2,868,285	0	2,868,285
General and School Administration Fiscal and Business	2,483,919	0	2,483,919
Operations and Maintenance	2,640,662	0	2,640,662
Pupil Transportation	148,272	0	148,272
Central	1,812,815	0	1,812,815
Community Services	137,382	0	137,382
Uniform School Supply	0	271,116	271,116
Total Expenses	28,055,148	271,116	28,326,264
Increase in Net Assets	$2,404,618	$12,406	$2,417,024

Governmental Activities

The Center's revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 82% of the Center's revenues for governmental activities.

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

Thus Ohio Centers do not receive additional property tax revenue from an increase in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 42.7% of revenue for governmental activities for the Center in fiscal year 2003.

Instruction comprises 64% of governmental program expenses. Support services expenses were 35% of governmental program expenses. All other expenses were 1%. There was no interest expense for the Center.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2002 have not been made since they are not available.

Table 3
Governmental Activities

	Total Cost of Services 2003	Net Cost of Services 2003
Instruction	$17,963,813	$14,381,801
Support Services:		
Pupil and Instructional Staff	2,868,285	2,114,300
General and School Administration		
Fiscal and Business	2,483,919	2,407,002
Operations and Maintenance	2,640,662	2,639,146
Pupil Transportation	148,272	148,272
Central	1,812,815	1,147,597
Community Services	137,382	50,993
Extracurricular Activities	0	(180)
Total Expenses	$28,055,148	$22,888,931

Business-Type Activities

Business-type activities, include the sale of uniform school supplies. This program had revenues of $.28 million and expenses of $.27 million for fiscal year 2003. Business activities receive no support from tax revenues.

The Center's Funds

Information about the Center's major funds is presented in the Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $31,729,670 and expenditures and other financing uses of $28,984,873. The net change in fund balance for the year was $2,744,797, or 22.7%.

Major Fund Budgeting Highlights

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

During the course of fiscal 2003, the Center amended its General fund budgets; however none were significant. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the Center revised the Budgets in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was $25.13 million, above original budget estimates of $23.80 million. Of this $1.33 million difference, most was due to an under-estimate for taxes and intergovernmental revenue.

The Center's ending unobligated cash balance for the General Fund was $.80 million above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2003, the Center had $8.78 million invested in land, buildings and equipment. Table 4 shows fiscal 2003 balances compared to fiscal 2002:

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

	Governmental Activities	
	2002	2003
Land	$3,639,000	$3,639,000
Buildings and Improvements	3,061,644	2,877,530
Equipment	2,031,186	2,264,349
Total Net Assets	$8,731,830	$8,780,879

The increase in capital assets is due to $.42 million in acquisitions, offset by the recognition of $.37 million in depreciation expense and retirement of $.18 million in assets, net of depreciation. This Center continues its ongoing commitment to maintaining and improving its capital assets.

Debt

At June 30, 2003, the Center had no outstanding debt.

For the Future

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

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

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

Contacting the Center's Financial Management

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

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Miami Valley Career Technology Center
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	$16,698,088	$184,120	$16,882,208
Restricted Cash and Investments	73,220	0	73,220
Receivables:			
Taxes	14,376,690	0	14,376,690
Accounts	195,237	1,135	196,372
Intergovernmental	512,832	0	512,832
Nondepreciable Capital Assets	3,639,000	0	3,639,000
Depreciable Capital Assets, Net	5,141,879	0	5,141,879
Total Assets	40,636,946	185,255	40,822,201
Liabilities:			
Accounts Payable	493,483	0	493,483
Accrued Wages and Benefits	2,423,730	0	2,423,730
Deferred Revenue	13,485,527	0	13,485,527
Long-Term Liabilities:			
Due Within One Year	311,109	0	311,109
Due In More Than One Year	2,450,925	0	2,450,925
Total Liabilities	19,164,774	0	19,164,774
Net Assets:			
Invested in Capital Assets, Net of Related Debt	8,780,879	0	8,780,879
Restricted for:			
Capital Projects	1,703,666	0	1,703,666
Special Revenue	476,155	0	476,155
Unrestricted	10,511,472	185,255	10,696,727
Total Net Assets	$21,472,172	$185,255	$21,657,427

See accompanying notes.

Miami Valley Career Technology Center
Statement of Activities
For the Fiscal Year Ended June 30, 2003

		Program Revenues	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	$3,643,468	$0	$0
Special	399,805	0	0
Vocational	13,312,776	1,933,354	1,417,907
Other	607,764	6,623	224,129
Support Services:			
Pupil	1,357,204	0	322,927
Instructional Staff	1,511,081	0	431,058
General Administration	88,026	0	65,838
School Administration	1,451,014	4,292	6,786
Fiscal	502,359	0	0
Business	442,520	0	0
Operations and Maintenance	2,640,662	1,516	0
Pupil Transportation	148,272	0	0
Central	1,812,815	274,510	390,708
Community Services	137,382	81,827	4,562
Extracurricular Activities	0	180	0
Total Governmental Activities	28,055,148	2,302,302	2,863,915
Business-Type Activities:			
Uniform School Supply	271,116	283,289	0
Total Business-Type Activities	271,116	283,289	0
Totals	$28,326,264	$2,585,591	$2,863,915

General Revenues:
Property Taxes Levied for:
General Purposes
Grants and Entitlements not Restricted to Specific Progra
Unrestricted Contributions
Investment Earnings
Other Revenues

Total General Revenues & Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
($3,643,468)	$0	($3,643,468)
(399,805)	0	(399,805)
(9,961,515)	0	(9,961,515)
(377,012)	0	(377,012)
(1,034,277)	0	(1,034,277)
(1,080,023)	0	(1,080,023)
(22,188)	0	(22,188)
(1,439,936)	0	(1,439,936)
(502,359)	0	(502,359)
(442,520)	0	(442,520)
(2,639,146)	0	(2,639,146)
(148,272)	0	(148,272)
(1,147,597)	0	(1,147,597)
(50,993)	0	(50,993)
180	0	180
(22,888,931)	0	(22,888,931)
0	12,173	12,173
0	12,173	12,173
($22,888,931)	$12,173	($22,876,758)
13,009,825	0	13,009,825
11,896,888	0	11,896,888
27,909	0	27,909
273,733	0	273,733
85,194	233	85,427
25,293,549	233	25,293,782
2,404,618	12,406	2,417,024
19,067,554	172,849	19,240,403
$21,472,172	$185,255	$21,657,427

Miami Valley Career Technology Center
Balance Sheet
Governmental Funds
June 30, 2003

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	$14,213,750	$632,875	$1,851,463	$16,698,088
Restricted Cash and Investments	73,220	0	0	73,220
Receivables:				
Taxes	14,376,690	0	0	14,376,690
Accounts	5,577	189,660	0	195,237
Intergovernmental	0	12,962	499,870	512,832
Interfund	495,487	0	0	495,487
Total Assets	29,164,724	835,497	2,351,333	32,351,554
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	392,254	71,338	29,891	493,483
Accrued Wages and Benefits	2,234,247	174,992	0	2,409,239
Compensated Absences	96,082	7,727	0	103,809
Special Termination Benefits Payable	42,500	5,000	0	47,500
Interfund Payable	0	0	495,487	495,487
Deferred Revenue	13,485,527	0	499,870	13,985,397
Total Liabilities	16,250,610	259,057	1,025,248	17,534,915
Fund Balances:				
Reserved for Encumbrances	5,475,559	23,759	1,120,837	6,620,155
Reserved for Property Tax Advances	891,163	0	0	891,163
Reserved for Set-Asides	73,220	0	0	73,220
Unreserved, Undesignated, Reported in:				
General Fund	6,474,172	0	0	6,474,172
Special Revenue Funds	0	552,681	(378,106)	174,575
Capital Projects Funds	0	0	583,354	583,354
Total Fund Balances	12,914,114	576,440	1,326,085	14,816,639
Total Liabilities and Fund Balances	$29,164,724	$835,497	$2,351,333	$32,351,554

See accompanying notes.

Miami Valley Career Technology Center
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
June 30, 2003

Total Governmental Fund Balance	$14,816,639
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.	8,780,879
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	499,870
Some liabilities, such as compensated absences, accrued benefits and, special termination benefits do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(2,625,216)
Net Assets of Governmental Activities	$21,472,172

See accompanying notes.

Miami Valley Career Technology Center
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$13,006,667	$0	$0	$13,006,667
Revenue in lieu of taxes	0	0	0	0
Tuition and Fees	45,573	2,161,549	0	2,207,122
Investment Earnings	273,733	0	550	274,283
Intergovernmental	11,906,830	1,143,537	1,953,497	15,003,864
Extracurricular Activities	180	0	0	180
Other Revenues	181,050	20,458	3,267	204,775
Total Revenues	25,414,033	3,325,544	1,957,314	30,696,891
Expenditures:				
Current:				
Instruction:				
Regular	3,441,107	0	0	3,441,107
Special	346,067	0	0	346,067
Vocational	8,976,136	2,961,313	230,803	12,168,252
Other	0	240,370	323,542	563,912
Support Services:				
Pupil	1,075,692	0	268,505	1,344,197
Instructional Staff	1,125,347	1,045	382,353	1,508,745
General Administration	35,251	0	52,775	88,026
School Administration	1,370,435	17,642	0	1,388,077
Fiscal	492,814	0	0	492,814
Business	439,075	0	0	439,075
Operations and Maintenance	2,598,837	0	0	2,598,837
Pupil Transportation	202,987	0	0	202,987
Central	1,508,264	0	317,452	1,825,716
Community Services	76,456	0	60,926	137,382
Capital Outlay	239,561	11,017	1,159,101	1,409,679
Total Expenditures	21,928,029	3,231,387	2,795,457	27,954,873
Excess of Revenues Over (Under) Expenditures	3,486,004	94,157	(838,143)	2,742,018
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	2,779	0	0	2,779
Transfers In	0	0	1,030,000	1,030,000
Transfers (Out)	(1,030,000)	0	0	(1,030,000)
Total Other Financing Sources (Uses)	(1,027,221)	0	1,030,000	2,779
Net Change in Fund Balance	2,458,783	94,157	191,857	2,744,797
Fund Balance Beginning of Year	10,455,331	482,283	1,134,228	12,071,842
Fund Balance End of Year	$12,914,114	$576,440	$1,326,085	$14,816,639

See accompanying notes.

Miami Valley Career Technology Center
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2003

Net Change in Fund Balance - Total Governmental Funds	$2,744,797
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital asset purchases as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.	49,049
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(239,904)
Some expenses reported in the statement of activities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(149,324)
Change in Net Assets of Governmental Activities	$2,404,618

See accompanying notes.

Miami Valley Career Technology Center
Statement of Net Assets
Proprietary Funds
June 30, 2003

	Business-Type Activity Enterprise Funds
Assets:	
Equity in Pooled Cash and Investments	$184,120
Receivables:	
Accounts	1,135
Total Assets	185,255
Liabilities:	
Current Liabilities:	
Accounts Payable	0
Total Liabilities	0
Net Assets:	
Unrestricted	185,255
Total Net Assets	$185,255

See accompanying notes.

Miami Valley Career Technology Center
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activity Enterprise Funds
Operating Revenues:	
Charges for Services	$283,289
Other Revenues	233
Total Operating Revenues	283,522
Operating Expenses:	
Materials and Supplies	271,116
Total Operating Expenses	271,116
Operating Income (Loss)	12,406
Change in Net Assets	12,406
Net Assets Beginning of Year	172,849
Net Assets End of Year	$185,255

See accompanying notes.

Miami Valley Career Technology Center
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activity Enterprise Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	$286,206
Cash Payments to Suppliers	(273,908)
Net Cash Provided (Used) by Operating Activities	12,298
Net Increase (Decrease) in Cash and Cash Equivalents	12,298
Cash and Cash Equivalents Beginning of Year	171,822
Cash and Cash Equivalents End of Year	184,120
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	12,406
Adjustments:	
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	2,684
Increase (Decrease) in Payables	(2,792)
Net Cash Provided (Used) by Operating Activities	$12,298

See accompanying notes.

Miami Valley Career Technology Center
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	$11,707	$57,475
Intergovernmental Receivable	0	2,700
Total Assets	11,707	$60,175
Liabilities:		
Accounts Payable	0	5,232
Deferred Revenue	0	2,700
Other Liabilities	0	52,243
Total Liabilities	0	$60,175
Net Assets:		
Held in Trust for Scholarships	11,707	
Total Net Assets	$11,707	

See accompanying notes.

Miami Valley Career Technology Center
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2003

	Private Purpose Trust
Additions:	
Investment Earnings	$167
Total Additions	167
Deductions:	
Scholarships	0
Total Deductions	0
Change in Net Assets	167
Net Assets Beginning of Year	11,540
Net Assets End of Year	$11,707

See accompanying notes.

MIAMI VALLEY CAREER TECHNOLOGY CENTER
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2003

1. DESCRIPTION OF THE DISTRICT

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

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

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

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

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

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

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

Related Organization:
- Miami Valley Career Technology Center Education Foundation

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

REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For business-type activities and proprietary funds, the District has elected not to follow subsequent private-sector guidance. The most significant of the District's accounting policies are described below.

MEASUREMENT FOCUS

Government-wide Financial Statements

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the 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 contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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 andchanges in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary Funds are reported using the economic resources measurement focus.

FUND ACCOUNTING

The 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 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 District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

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

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

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

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds.

Enterprise Funds – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services.

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 District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

3. 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. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

CASH AND CASH EQUIVALENTS

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

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2003 amounted to $273,733.

For purposes of the statement of cash flows, the Enterprise Funds' portion of pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from the enterprise funds without prior notice or penalty.

INVENTORY

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

On the fund financial statements inventories of enterprise funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars ($1,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

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

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The 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 termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

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

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

	Certified	Administrators	Non-Certificated
Vacation How Earned	Not Eligible	25-30 days per year or 2.08-2.50 per month	10-20 days for each service year depending on length of service
Maximum Accumulation	Not Applicable	30 days Payoff up to 10 days/yr. unused earned	Double the max accumulated
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon termination	Paid upon termination
Sick Leave How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	225 days	Unlimited (236 days for sick leave)	225 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	1/4 paid upon retirement (up to 76 days)	1/4 paid upon retirement (up to 100 days)	1/4 paid upon retirement (up to 76 days)

NET ASSETS

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

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

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for uniform school supplies. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

CONTRIBUTIONS OF CAPITAL

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

FUND EQUITY

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

CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2003, the District has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."

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

The government-wide financial statements split the District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the Enterprise Funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003.

RESTATEMENT OF FUND BALANCE

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	General	Adult Education	Nonmajor	Total
Fund Balances, June 30, 2002	$10,455,331	$482,283	$1,154,338	$12,091,952
Fund Reclassification	0	0	(20,110)	(20,110)
Adjusted Fund Balances, June 30, 2002	$10,455,331	$482,283	$1,134,228	12,071,842
GASB 34 Adjustments:				
Capital Assets				8,731,830
Compensated Absences Payable				(1,250,816)
Deferred Revenue				739,774
Accrued Wages and Benefits				(15,076)
Special Termination Benefits				(1,210,000)
Governmental Activities Net Assets, June 30, 2002				$19,067,554

4. CASH AND CASH EQUIVALENTS

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

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

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

(3) Repurchase agreements in the securities enumerated above.

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

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

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

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

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

Deposits – At the year end, the carrying amount of the District's deposits was $5,534,922. The bank balance of deposits was $5,973,291 of which $100,000 was covered by federal depository insurance. The remaining balance of $5,873,291 was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

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

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

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

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

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

Description	Category 1	Category 2	Category 3	Carrying Amount/ Fair Value
Repurchase Agreement	$0	$0	$1,417,116	$1,417,116
Commercial Paper	768,434	0	0	768,434
Federal Agency Security	0	0	7,659,121	7,659,121
Money Market Fund*	0	0	0	46,091
State Treasury Pool*	0	0	0	1,598,926
Total Investments	$768,434	$0	$9,076,237	$11,489,688

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

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

5. PROPERTY TAXES

Real property taxes collected in 2003 were levied after April 1, 2002 on the assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year. The most recent re-evaluation was completed in January, 1998.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2003, each business was eligible to receive a $10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2003, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2003. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2003 on the fund statements. The entire amount of delinquent taxes receivable is recognized as a revenue on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2003, was $891,163 for General Fund and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2003 operations. The amount available for advance at June 30, 2002 was $583,827 for General Fund with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2002 operations.

The assessed value, by property classification, upon which taxes collected in 2003 were based as follows:

Tangible and Public Utility Personal	$971,769,233
Real Estate	5,506,428,320
Total Assessed Property Value	$6,478,197,553

6. RECEIVABLES

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Government Activities				
Capital Assets, not being depreciated:				
Land	$3,639,000	$0	$0	$3,639,000
Capital Assets, being depreciated:				
Buildings and Improvements	12,245,415	0	0	12,245,415
Equipment	5,393,189	415,011	184,750	5,623,450
Total Capital Assets, being depreciated	17,638,604	415,011	184,750	17,868,865
Totals at Historical Cost	$21,277,604	$415,011	$184,750	$21,507,865
Less Accumulated Depreciation:				
Buildings and Improvements	$9,183,771	$184,114	$0	$9,367,885
Equipment	3,362,003	181,848	184,750	3,359,101
Total Accumulated Depreciation	$12,545,774	$365,962	$184,750	$12,726,986
Governmental Activities Capital Assets, Net	$8,731,830	$49,049	$0	$8,780,879

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$21,262
Special	5,949
Vocational	309,370
Other	3,718
Support Services:	
Pupil	340
Instructional Staff	1,575
School Administration	6,105
Fiscal	496
Business	248
Operations and Maintenance	8,501
Pupil Transportation	305
Central	8,093
Total Depreciation Expense	$365,962

8. LONG-TERM LIABILITIES

	Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding	Due In One Year
Governmental Activities:					
Compensated Absenses	$1,250,816	71,218	0	1,322,034	258,609
Special Termination Benefits	1,262,000	178,000	0	1,440,000	52,500
Total Governmental Activities Long-Term Liabilities	$2,512,816	$249,218	$ 0	$2,762,034	$311,109

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

9. PENSION PLANS

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 9% 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% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2002, 5.46% 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 penion obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were $224,812, $258,171, and $230,674 respectively; 87.1% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

STATE TEACHERS RETIREMENT SYSTEM

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

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

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were $1,930,663, $1,948,100, and $1,676,131 respectively; 86.0% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

10. POST EMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled $620,570 during the 2003 fiscal year. As of July 1, 2003, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were $354,697,000.

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

For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83% of covered payroll, a decrease of 2.71% from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at $14,500. The surcharge rate added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled $93,618 during the 2003 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were $182,946,777.

11. EMPLOYEE BENEFITS

Special Termination Benefits

Employees who retire June 30, 2003, with at least 10 years experience were given a special termination benefit. For employees with at least ten years of service with the Center, the benefit was $10,000 for certified and classified employees. For employees with at least twenty years of service with the Center, the benefit was $15,000 for certified and classified employees. The employee must have at least ten years of service with the Center, and the final five years must be consecutive and be in a paid status immediately prior to retirement. Also, the benefit is only available for those employees who first become eligible to retire during fiscal year 2003. Notice of retirement must be given by March 30 for the special termination benefit to be payable. The benefit will be paid in two equal installments, with the first installment to be paid on the first business day in the following January. The second installment will be paid by the following June 30.

Insurance Benefits

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

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, six members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

12. CONTINGENT LIABILITIES

GRANTS

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2003.

LITIGATION

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

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

A. Jointly Governed Organizations

Metropolitan Dayton Educational Computer Association

The Metropolitan Dayton Educational Computer Association (MDECA) is a jointly governed organization consisting of Dayton area school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. MDECA is governed by a board of directors consisting of superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board.

Southwestern Ohio Educational Purchasing Cooperative

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

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

Southwestern Ohio Instructional Technology Association

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

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

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

Ohio Association of *Joint Vocational School Superintendents*

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

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

The Dayton Area Superintendent's Association

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

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

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

B. Related Organization

Miami Valley Career Technology Center Education Foundation

The Miami Valley Career Technology Center Education Foundation is a legally separate body politic. The board members of the Miami Valley Career Technology Center Education Foundation are appointed by the Center. The Center is not able to impose its will of the Miami Valley Career Technology Center Education Foundation and financial benefit and/or burden relationship exists. The Miami Valley Career Technology Education Foundation is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. To obtain financial information write to the Miami Valley Career Technology Center Education Foundation, Debbie Gossett, who serves as Treasurer, at 6800 Hoke Road, Clayton, Ohio 45315-9740.

C. Public Entity Risk Pool

Southwestern Ohio Educational Purchasing Cooperative

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

14. OHIO SCHOOLS COUNCIL

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

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

15. RISK MANAGEMENT

A. Property and Liability

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the current fiscal year, the Center contracted with Chubb Insurance for general, property, and vehicle liability insurance. Coverages provided are as follows:

Building and Contents-replacement cost ($5,000 deductible)	$43,765,67
Boiler and Machinery ($5,000 deductible)	14,000,00
Crime Insurance ($1,000 deductible)	10,000
Automobile Liability ($250 deductible)	214,002
Uninsured Motorists ($250 deductible)	214,002
General Liability	
Per occurrence	1,000,000
Total per year	38,700,000

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

B. Workers' Compensation

For fiscal year, the Center participated in the Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Centers is calculated as one experience and a common premium rate is applied to all Centers in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Anthem Comp Services, provides administrative, cost control, and actuarial services to the GRP.

16. STATE SCHOOL FUNDING DECISION

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

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

17. COMPLIANCE AND ACCOUNTABILITY

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

Fund	Excess
Special Revenue:	
Career Development	$53,265
Miscellaneous State Grants	3,168
Adult Basic Education	122,914
Vocational Education	255,461
Drug-Free Schools	3,465
Improving Teacher Quality	492

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

18. FUND BALANCE RESERVES FOR SET-ASIDES

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

For fiscal year ended June 30, 2003, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of refund monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2002	($1,885,987)	$ 0	$ 73,220
Current Year Set-aside Requirement	289,792	289,792	0
Qualified Disbursements	(2,719,134)	(289,792)	0
Current Year Offsets	0	0	0
Set-Aside Reserve Balance as of June 30, 2003	$ 0	$ 0	$ 73,220
Restricted Cash as of June 30, 2003	$ 0	$ 0	$ 73,220
Amount Carried Forward to FY2004	($4,315,329)	$ 0	$ 0

Qualifying disbursements for capital activity during the year exceeded the amount required for the set-aside. Qualifying disbursements and carryover from prior years for textbooks totaled $4,605,121, resulting in $4,315,329 for carryover to offset textbook requirements in future years.

19. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2003, consisted of the following individual fund receivables and payables:

Interfund Receivables/Payables:

	Interfund Loan Receivable	Interfund Loan Payable
General Fund	$495,487	
Special Revenue Fund:		
Career Development		$53,335
Miscellaneous State Grants		3,750
Adult Basic Education		167,151
Vocational Education		267,294
Drug-Free Schools		3,465
Improving Teacher Quality		492
	$495,487	$495,487

Required Supplementary Information

Miami Valley Career Technology Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$12,027,316	$12,699,331	$12,699,331	$0
Revenue in lieu of taxes	2,991	3,158	3,158	0
Tuition and Fees	43,266	45,683	45,683	0
Interest	259,248	273,733	273,733	0
Intergovernmental	11,273,761	11,903,672	11,903,672	0
Extracurricular Activities	170	180	180	0
Other Revenues	195,051	205,978	205,949	(29)
Total Revenues	23,801,803	25,131,735	25,131,706	(29)
Expenditures:				
Current:				
Instruction:				
Regular	2,890,849	3,539,334	3,457,998	81,336
Special	284,976	349,211	340,885	8,326
Vocational	7,671,520	9,414,678	9,176,577	238,101
Support Services:				
Pupil	896,487	1,114,020	1,072,367	41,653
Instructional Staff	980,859	1,237,491	1,173,291	64,200
General Administration	32,706	41,959	39,123	2,836
School Administration	1,170,066	1,500,630	1,399,618	101,012
Fiscal	532,886	693,389	637,431	55,958
Business	411,020	524,788	491,657	33,131
Operations and Maintenance	2,604,163	3,232,226	3,115,067	117,159
Pupil Transportation	113,486	146,010	135,750	10,260
Central	1,788,224	2,176,658	2,139,051	37,607
Community Services	50,632	71,934	60,565	11,369
Capital Outlay	3,890,000	4,653,169	4,653,169	0
Total Expenditures	23,317,874	28,695,497	27,892,549	802,948
Excess of Revenues Over (Under) Expenditures	483,929	(3,563,762)	(2,760,843)	802,919
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	2,632	2,779	2,779	0
Advances In	766,065	808,868	808,868	0
Advances (Out)	(416,478)	(498,186)	(498,186)	0
Transfers (Out)	(886,149)	(1,060,000)	(1,060,000)	0
Total Other Financing Sources (Uses)	(533,930)	(746,539)	(746,539)	0
Net Change in Fund Balance	(50,001)	(4,310,301)	(3,507,382)	802,919
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	12,006,576	12,006,576	12,006,576	0
Fund Balance End of Year	$11,956,575	$7,696,275	$8,499,194	$802,919

See accompanying notes to required supplementary information.

Miami Valley Career Technology Center
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

	Adult Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	$1,884,113	$2,123,560	$2,122,143	($1,417)
Intergovernmental	1,003,764	1,135,075	1,130,575	(4,500)
Other Revenues	19,939	22,458	22,458	0
Total Revenues	2,907,816	3,281,093	3,275,176	(5,917)
Expenditures:				
Current:				
Instruction:				
Vocational	2,890,627	3,566,963	3,303,412	263,551
Support Services:				
Community Services	11,527	14,224	13,173	1,051
Capital Outlay	9,872	12,182	11,282	900
Total Expenditures	2,912,026	3,593,369	3,327,867	265,502
Excess of Revenues Over (Under) Expenditures	(4,210)	(312,276)	(52,691)	259,585
Other financing sources (uses):				
Advances In	19,101	21,514	21,514	0
Advances (Out)	(18,826)	(21,514)	(21,514)	0
Transfers In	273,083	307,583	307,583	0
Transfers (Out)	(269,148)	(307,583)	(307,583)	0
Total Other Financing Sources (Uses)	4,210	0	0	0
Net Change in Fund Balance	0	(312,276)	(52,691)	259,585
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	607,434	607,434	607,434	0
Fund Balance End of Year	$607,434	$295,158	$554,743	$259,585

See accompanying notes to required supplementary information.

MIAMI VALLEY CAREER TECHNOLOGY CENTER
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2003

1. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2003.

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

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

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

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

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

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

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

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	$2,458,783	$94,157
Net Adjustment for Revenue Accruals	526,541	278,729
Net Adjustment for Expenditure Accruals	(704,928)	(347,443)
Encumbrances	(5,787,778)	(78,134)
Budget Basis	($3,507,382)	($52,691)

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MIAMI VALLEY CAREER TECHNOLOGY CENTER

Single Audit Report

June 30, 2003

P&A PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS
8260 NORTHCREEK DRIVE, STE 330 / CINCINNATI, OH 45236 . (513) 891-2722 . FAX (513) 891-2760
3931 SOUTH DIXIE DRIVE / DAYTON, OH 45439 . (937) 294-1505 . FAX (937) 294-1507

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

February 19, 2004

To the Board of Education:

We have audited the basic financial statements of the Miami Valley Career Technology Center, (the Center), as of and for the year ended June 30, 2003, and have issued our report thereon dated February 19, 2004, wherein we noted the Center adopted Government Accounting Standards Board 34, 37 and 38 and Government Accounting Standards Board Interpretation No. 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Center's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance required to be reported under *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Certified Public Accountants

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

February 19, 2004

To the Board of Education:

Compliance

We have audited the compliance of the Miami Valley Career Technology Center, (the Center) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The Center's major federal programs are identified in the summary of auditor's results portion of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with *OMB Circular A-133.*

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the Center as of and for the year ended June 30, 2003, and have issued our report thereon dated February 19, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Certified Public Accountants

MIAMI VALLEY CAREER TECHNOLOGY CENTER

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED June 30, 2003

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Adult and Community Education	AB-SL-02	84.002	$347,716	$387,307
Vocational Education - Basic Grants to state	20-C1-02	84.048	1,353,279	1,055,497
Eisenhower Grant	MS-S1-02	84.281	414	4,209
Title VI	C2-S1-02	84.298	15,154	15,958
(Direct Receipt) Federal Pell Grant Program	N/A	84.063	331,695	331,690
Safe & Drug Free School	DR-S1-03	84.186	761	4,226
Improving Teacher Quality Title IIA	TR-S1-03	84.367	1,320	5,079
Total Federal Assistance			2,050,339	1,803,966

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B -- MATCHING REQUIREMENTS

Certain federal programs require the Center to contribute non-federal funds (matching funds) to support the federally-funded programs. The Center has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.

N/A - Information Not Available

MIAMI VALLEY CAREER TECHNOLOGY CENTER
June 30, 2003

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

MIAMI VALLEY CAREER TECHNOLOGY CENTER
JUNE 30, 2003

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

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

Auditor of State
Betty Montgomery

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MIAMI VALLEY CAREER TECHNOLOGY CENTER

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 27, 2004